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BC Assessment

OUR SERVICE COMMITMENT **TO YOU** IS TO BE...

The Annual Service Plan Report for the Year 2006 and a
Report on the Creation of the 2007 Assessment Roll.
The Financial Statements for the year ended December 31, 2006.

2006 ANNUAL REPORT

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Message from the Board Chair to the Minister Responsible

May 28, 2007

The Honourable Rick Thorpe
Minister of Small Business and Revenue and
Minister Responsible for Regulatory Reform
Legislative Buildings
Victoria, British Columbia V8V 1X4

Dear Minister:

On behalf of BC Assessment, I am pleased to submit the Annual Service Plan Report for the Year 2006 and a Report on the Creation of the 2007 Assessment Roll. The Financial Statements for the year ended December 31, 2006 are also included in this report.

This report was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The Board is accountable for the contents of the report. The information presented has been prepared by management in accordance with the BC Reporting Principles and reflects the actual performance of BC Assessment for the 12 months ended December 31, 2006 in relation to BC Assessment's 2006-2008 Service Plan.

The measures presented are consistent with BC Assessment's vision, mission, values, goals and strategies, and focuses on aspects critical to the organization's performance. The Board is responsible for ensuring internal controls are in place to ensure performance information is measured accurately and in a timely fashion. All significant decisions, events, and identified risks as of December 31, 2006 have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management and identifies any changes in mandate, direction, goals, strategies, measures or targets made since the 2006-2008 Service Plan was released.

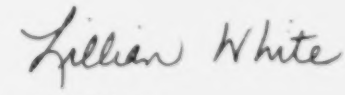
In 2006, BC Assessment continued its focus on providing friendly and efficient service to property owners, local governments and other clients. The organization is committed to continuous improvement in providing exceptional customer service. A new Service Commitment statement, clearly defined Service Standards, and staff training programs were developed and implemented in 2006 to ensure that each member of the staff understands the organization's values and our commitment to customer service excellence. We also continued to promote greater public education for our work, including more awareness of the property assessment appeal process.

Despite the challenges of another year which saw an extremely active real estate market in most areas of the province, and record levels for new construction and development, the staff of BC Assessment worked hard to maintain the cost to taxpayers for property assessment services and to streamline our business practices for greater efficiencies. The corporation finished the year favourable to budget with $2.3 million excess of revenue over expenditures.

I want to thank and acknowledge all of the staff who helped BC Assessment achieve its goals in 2006, with a special acknowledgement to the staff who retired after very successful careers with the organization.

I would also like to thank my fellow Board members for their support and ongoing commitment to the organization. A special thank you to outgoing Board members Bill Baird, Jamie Bruce and Carol Kerfoot for their contributions in 2006.

Sincerely,



Lillian White
BOARD CHAIR, ON BEHALF OF

George Puil, Vice Chair
Barry Clark
Fred Graham
Shawn McLaughlin
Chris Nicolls
Anna Nyarady
Brian Romer
Allen Tozer
Eldon Unger

Message from the Chief Executive Officer

On behalf of the management and staff of BC Assessment, it is my honour to present the Annual Service Plan Report for 2006 and a Report on the Creation of the 2007 Assessment Roll.

In 2006, we experienced another year with records being broken in the real estate and construction sectors as British Columbia's economy continued to grow and prosper. As a result, these external market forces created many challenges for BC Assessment. Although our core business revolves around the management of assessment data, the key to our success is our people. During 2006, BC Assessment really focused on the most important people - our staff and our clients - by renewing our commitment to building strong personal relationships through customer service excellence.

With the full support of our Board of Directors, BC Assessment moved forward in its goal to continuously improve customer service. These efforts built on the investment BC Assessment had made in recent years to support value*BC*, a new assessment information system, as well as reorganizing the way we do our business to serve our clients better. In addition to our key accomplishment of producing the 2007 Assessment Roll by the legislated deadline of December 31, other corporate highlights included:

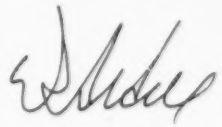
- valuing 34,400 more properties in 2006 as compared to the year before;
- maintaining our record of low formal complaints (appeals) to the Property Assessment Review Panels despite a very active real estate market;
- including all major new construction and development, totaling more than $18.7 billion - a new single year record;
- further development of the value*BC* assessment information system and staff training in 2006;
- ongoing deregulation of legislation to further streamline the appeal process to reduce internal costs on property assessment complaints and appeals; and,
- hiring many new permanent and temporary employees as part of our long-term staffing strategy.

In 2006, BC Assessment also provided assistance to the Ministry of Small Business and Revenue as it began its review of British Columbia's property assessment system. This provincial government review, which has continued into 2007, is considering four key elements from a customer and taxpayer perspective, including: service quality; assessment methodology; assessment policy; and, governance.

BC Assessment is proud of the work we accomplished in 2006. We will remain committed to developing continuous customer service improvements for the benefits of our clients and taxpayers throughout British Columbia.
I would like to thank all the staff, managers and Executive Management team for their dedication and service to the people of British Columbia.
A special welcome goes to Peter Bretherton, our newest member of the Executive team, who will be responsible for assessment administration.

I would also like to congratulate the members of the Board of Directors on their recent reappointments. The management team at BC Assessment looks forward to the continued guidance of the Board of Directors to fulfill the mandate of government as we follow our vision, mission and corporate values.

Sincerely,



Doug Rundell
CHIEF EXECUTIVE OFFICER
AND ASSESSMENT COMMISSIONER

Vision, Mission, Values and Service Commitment

VISION

We will be the leading property assessment organization internationally and the first choice for property information in British Columbia.

MISSION

We produce uniform property assessments that form the basis for local and provincial taxation while providing information to assist people when making real estate decisions.

VALUES

We are guided by our commitment to:

- **Quality** in our products, services, and work life;
- **Accountability** for our actions and results;
- **Service** that is responsive and sensitive; and
- **Teamwork** in working together as one team and partnering with our clients.

Our **SERVICE COMMITMENT** to you is to be:

- **RELIABLE** – providing accurate products and professional service;
- **ACCESSIBLE** – providing timely access to staff and information;
- **UNIFORM** – being consistent in the way we treat you; and
- **RESPECTFUL** – maintaining positive relationships.

In 2006, BC Assessment developed a **Service Commitment** and **Service Standards** that reflect the service principles our customers expect when they interact with a member of BC Assessment's team. More information about the Customer Service Excellence initiative, including the 16 corporate Service Standards, is on BC Assessment's web site at: www.bcassessment.ca/customer_service.asp.

Overview of the Organization

The British Columbia Assessment Authority (BC Assessment) was formed in 1974 by an all-party committee of the Legislature as a provincial Crown corporation. Its mandate is to produce and maintain assessments that are fair, equitable and uniform throughout the whole of British Columbia. The Board of Directors provides policy direction and performance review, while valuation and operational matters are the responsibility of the Chief Executive Officer and Assessment Commissioner.

BC Assessment's responsibilities are set out in two pieces of legislation: the *Assessment Authority Act* and the *Assessment Act*. The *Assessment Authority Act* establishes BC Assessment as a Crown corporation. This Act also provides for the appointment of a Board of Directors, Assessment Commissioner and the funding of BC Assessment by annual property tax levies administered by local governments and taxing authorities. The *Assessment Act* establishes the rules under which annual assessment rolls must be created. This Act also sets out the appeal process. The Minister of Small Business and Revenue is charged with the administration of these Acts.

BC Assessment's core function is to establish and maintain uniform real property assessments throughout the province, using current market data as a guide. The real estate market creates the value and BC Assessment reports it to taxing authorities and property owners. After determining the correct classification, actual value (estimated market value) and tax exemption status of approximately 1.78 million properties across the province, BC Assessment provides local governments and taxing authorities with an assessment roll on or before December 31. The assessment roll lists all properties, names of the owners and the taxable values of the land and any improvements (buildings). BC Assessment also sends a property assessment notice to each person named in the assessment roll. For some properties, the assessment roll contains values determined in accordance with prescribed rates and manuals approved by the Assessment Commissioner and regulations (e.g. farm land and major industrial property manuals).

ROLES AND RESPONSIBILITIES

For the purposes of this report, the 2007 Completed Assessment Roll was produced in 2006 and revised by the decisions of the Property Assessment Review Panels (PARP) by March 31, 2007. The roll enumerates approximately 1.78 million properties with a value of approximately $808 billion. The Revised Assessment Roll, which is prepared following the Property Assessment Review Panel public enquiry period, is presented to taxing authorities (municipal and provincial governments) to form the basis of their tax rolls. Property valuation is subject to legislated review and complaint procedures through the PARP, and appeals through the Property Assessment Appeal Board (PAAB).

Taxing authorities, including municipalities, determine the amount of revenue required to pay for public services, set their property tax rate, apply the rate to the assessed value of properties and send property owners a separate tax notice. It is important to highlight that BC Assessment has no direct role in setting property taxes and a key element of the system is that BC Assessment operates *independently* of all levels of government that levy property taxes. In 2006, approximately $5.1 billion in property taxes were collected in British Columbia. Of these funds, about $2.8 billion were collected for local government and $2.1 billion were collected for schools and provincial general revenue. Property taxes provide between 40 and 60 percent of funding for local governments and approximately 30 percent of funding for schools. Through this process, the corporation supports the provincial economy and the communities of British Columbia.

BC Assessment currently employs 580 permanent staff in 19 offices throughout the province and has a structure based upon functional lines of responsibility and specialization of tasks. Head Office divisions, located in Victoria, include: Assessment; Business and Customer Services; Planning, Audit and Legal Services; Corporate Services; and, the Office of the CEO and Assessment Commissioner.

Reliable

Providing accurate products and professional service

Corporate Governance

BC Assessment is a publicly-funded corporation constituted under the *Assessment Authority Act* and governed by a Board of Directors: The Board of Directors provides policy direction and performance review, and the Chief Executive Officer and Assessment Commissioner has responsibilities for valuation and operational matters.

Members of the Board are:

Lillian White – Delta, Chair

George Puil – Vancouver, Vice Chair

Barry Clark – Nanaimo

Fred Graham – Cranbrook

Shawn McLaughlin – Prince George

Chris Nicolls – Vancouver

Anna Nyarady – Vancouver

Brian Romer – Sechelt

Allen Tozer – Westbank

Eldon Unger – Chilliwack

Members of the Executive Management Team are:

Doug Rundell - Chief Executive Officer and Assessment Commissioner

Peter Bretherton - Executive Director, Assessment

Kevin Burr - Corporate Secretary

Connie Fair - Executive Director, Business and Customer Services

David Highfield - Executive Director, Assessment

Laurie McAmmond - Executive Director, Corporate Services

Bruce Turner - Executive Director, Planning, Audit and Legal Services

Board Committees engage in regular and detailed review of policies, issues, and corporate finances and make recommendations to the Board, where decisions are made.

The Board Committees are:

The Policy, Planning and Service Audit Committee

- This committee deals with all matters pertaining to the Service Plan and Annual Service Plan Report, the service audit, and inter-governmental and valuation policies.
- The members of this Committee are: George Puil (Chair), Eldon Unger (Vice Chair), Fred Graham and Anna Nyarady.

The Human Resources and Education Committee

- This committee deals with all matters of human resources, training and education. The Committee also acts as a reference group during negotiations regarding the collective agreement.
- The members of this Committee are: Allen Tozer (Chair), Chris Nicolls (Vice Chair), Shawn McLaughlin and Anna Nyarady.

The Audit and Finance Committee

- This committee deals with all matters relating to financial policies and the annual budget.
- The members of this Committee are: Chris Nicolls (Chair), Lillian White (Vice Chair), George Puil and Brian Romer.

The Governance Committee

- This committee reviews, monitors, and reports on Board effectiveness and deals with all matters relating to governance.
- The members of this Committee are: Anna Nyarady (Chair), Barry Clark (Vice Chair), Shawn McLaughlin and Lillian White.

The Board of Directors has adopted the guiding principles included in the provincial government's Governance Framework which provide an understanding of the roles and responsibilities for all parties that are part of the Crown corporation governance environment:

- Stewardship, Leadership and Effective Functioning of the Board;
- Clarity of Roles and Responsibilities;
- Openness, Trust and Transparency;
- Service and Corporate Citizenship;
- Accountability and Performance; and
- Value, Innovation and Continuous Improvement.

These principles underlie good corporate governance and form the foundation for the development of a sound governance structure. For more information on board governance practices, refer to the web site at www.bcassessment.ca/about/board.asp.

In 2004, the Board of Directors, in their capacity as the members of the corporation, revised its bylaws to reflect current best practices in corporate governance and began development of a Governance Manual. The manual was completed in 2006 and outlines corporate objectives, policies, corporate authorities, and procedures pertaining to the Board of Directors, the roles of the Board's advisory committees, Board Chair, Vice Chair, Chief Executive Officer, and Corporate Secretary. It summarizes the Board's basic operating parameters for its members and advisory committees, and the executive management team.

The development of a Governance Manual fulfills the recommendation of the Board Resourcing and Development Office that was outlined in their publication, *Best Practices Guidelines: Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organizations.* This document was introduced by the Premier with an expectation that public sector organizations meet the standards.

In addition, a Shareholder's Letter of Expectations was signed on July 26, 2006 by the Minister of Small Business and Revenue and on August 8, 2006 by the Chair of the Board of Directors. This document is a public agreement that outlines performance expectations, public policy issues and strategic priorities. It will be reviewed annually and updated as required. The letter is available on BC Assessment's web site at www.bcassessment.ca/about/board.asp, or the Provincial Government's web site at: www.gov.bc.ca/cas/down/loe_sbr_and_bca_aug_06.pdf.

Accessible

Providing timely access to staff and information

Our Customers, Products and Services

BC Assessment's main customers and stakeholders include residential and non-residential property owners, the provincial and federal governments, First Nations, local and regional governments, and the private sector (e.g. realtors, appraisers, lawyers, bankers, title search companies).

For the general public and property owners, Assessments and Sales by Address, a free online service, is available to audit assessments by comparing the value of their property to others in their neighbourhood during the property assessment appeal period. This service is available from early January to March 15 each year. Paper copies of Assessments and Sales by Address are available at area offices, most municipal halls, public libraries and government agents' offices.

Property owners and clients can also contact staff in a number of convenient ways: via phone (including toll-free phone numbers), e-mail or in person at our offices located throughout the province.

BC Assessment's core product, the annual assessment roll, is used by local and provincial governments to levy tax revenues. Approximately 1.8 million assessment notices are sent by mail or by electronic assessment notices via epost™ by December 31 of each year to every property owner in the province.

Assessment Link*BC*, an Internet-based service, enables local government clients to search or create unique reports using property assessment data free-of-charge. This service provides access to timely information so local governments can make informed decisions on behalf of their communities, particularly when planning their budgets and property tax requirements. In 2006, there were 160 clients registered to use the service, an increase of 52 compared to 2005.

Property information services, or Data Advice, are offered by request to local governments and other agencies. Data Advice supplies clients with current information available on the corporation's files. It is provided monthly in paper format, or via the Internet, which allows clients to easily update their computer systems.

Many First Nations in British Columbia are assuming property taxation responsibilities formerly provided by provincial and local governments. BC Assessment provides property assessment services to 55 First Nations under a contract basis.

BC Assessment also works with many partners to share information and resources. The corporation continued its efforts to improve and integrate Geographical Information Systems (GIS) and mapping throughout the province. The corporation is a partner in the provincial Integrated Cadastral Information Society (ICIS) and remains committed to a coordinated and shared approach to provincial mapping services.

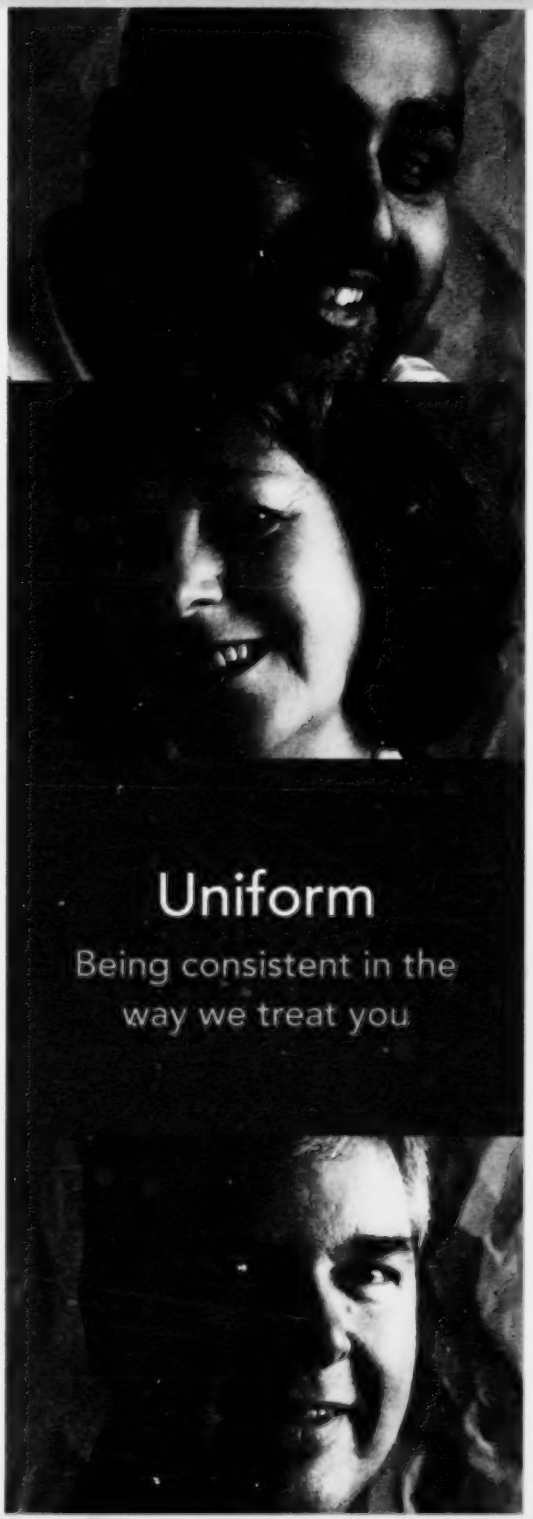
The corporation generated approximately $3.4 million in revenue in 2006 from data access services. These services include the sale and licensing of property information such as the assessment roll, property sales and residential inventory data and Land Title and Survey Authority of BC information via BC OnLine. Bulk electronic data and professional consulting services, including customized Major Industrial Property manuals, are also provided for other provinces and jurisdictions. Our products and services are delivered via the Internet or electronically by contacting the corporation's Client Service Solutions department.

Key commercial clients include:

- Banks, credit unions, title search agencies, law offices, realtors, developers, and consultants use on-line property data in their daily business dealings;
- Provincial ministries and Crown corporations use bulk and on-line property data to manage their own properties; and
- Corporate clients such as real estate boards to add value and sell bulk assessment data under licensing agreements.

BC Assessment provides user-friendly, accurate and accessible property information to support the business community throughout the province and is not in a competitive position with the private sector.

Information about products and services is available at www.bcassessment.ca; detailed property information is available via BC OnLine at www.bconline.gov.bc.ca.



2007-2009 Service Plan – Strategic Framework

STRATEGIC CONTEXT

VISION

We will be the leading property assessment organization internationally and the first choice for property information in British Columbia.

MISSION

We produce uniform property assessments that form the basis for local and provincial taxation while providing information to assist people when making real estate decisions.

VALUES

We are guided by our commitment to:

- **Quality** in our products, services, and work life;
- **Accountability** for our actions and results;
- **Service** that is responsive and sensitive; and
- **Teamwork** in working together as one team and partnering with our clients.

OUR SERVICE COMMITMENT TO YOU IS TO BE:

- **Reliable**
- **Accessible**
- **Uniform**
- **Respectful**

GOALS

GOAL 1: Customer Service: BC Assessment will provide a level of service that meets our customers' expectations.

GOAL 2: Product Quality and Uniformity: BC Assessment property assessment services throughout the province will be of the highest quality and fair, equitable and uniform.

GOAL 3: Fiscal Responsibility: BC Assessment will continue to seek new opportunities to improve operational efficiencies while meeting service delivery targets.

GOAL 4: Human Resources Leadership: BC Assessment will attract, develop and retain qualified and motivated staff.

STRATEGIES

Enhance the culture of customer service excellence.

Develop and implement a long-term customer service delivery model to anticipate and satisfy customers' needs.

Ensure all BC Assessment facilities and services are readily available to persons with disabilities.

Collaborate with the business and industrial community to develop a greater understanding of mutual issues.

Create a broader level of understanding and acceptance of the property assessment and taxation system with all stakeholders.

Ensure uniformity and quality in the assessment rolls through the common application of statutes, policies, business rules and best practices throughout the province.

Provide information and services to enable customers to verify whether assessments are accurate, fair and equitable.

Develop greater links and partnerships with local and provincial governments, First Nations and the private sector leading to more efficient and accurate valuation information.

Explore alternative methods to increase efficiency and add value in collecting, processing and sharing of information.

Develop and implement a long-term strategic human resources framework that fosters a climate where people are engaged in their work and addresses: people; learning; and performance.

Ensure a high level of professional appraisal accreditation.

PERFORMANCE MEASURES

PM 1. Each year, 98 percent, or more, of residential assessments will be accepted without referral by the public to the Property Assessment Review Panel.

PM 2. Each year, 95 percent, or more, of non-residential assessments will be accepted without referral by the public to the Property Assessment Review Panel.

PM 3. Each year, the percentage of residential and non-residential property owners independently surveyed who had direct contact with the corporation, and were either Very Satisfied or Satisfied with the level of customer service.

PM 4. Each year, the percentage of local government/taxing authority, First Nations and provincial government customers independently surveyed who had direct contact with the corporation, and were either Very Satisfied or Satisfied with the level of customer service.

PM 5. The median *Assessment-to-Sales Ratio* for the:

- residential assessment roll in British Columbia will be 97 to 100 percent.
- non-residential assessment roll in British Columbia will be 95 to 100 percent.

PM 6. The *Coefficient of Dispersion* for the provincial assessment roll will be:

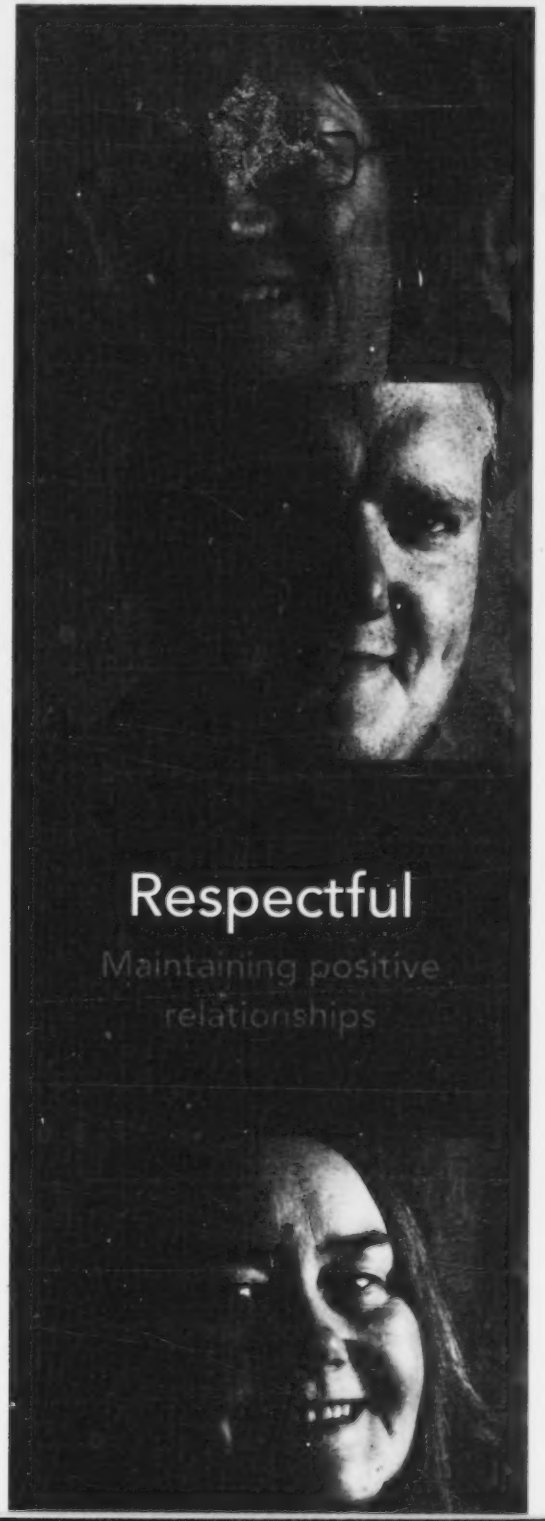
- less than 10 percent for urban residential regions.
- less than 15 percent for rural residential regions.
- less than 20 percent for non-residential properties.

PM 7. The *Price-Related-Differential* will be between 0.98 and 1.03 for residential properties.

PM 8. The average cost per property for assessment services funded from property tax levies will be maintained.

PM 9. Percentage of appraisal staff with professional accreditation.

PM 10. Minimize staff turnover.



Report on Performance

Introduction

BC Assessment's performance planning process includes both long-term and short-term elements. Long-term direction is provided by the three-year Service Plan which is developed through a comprehensive strategic corporate planning process involving the Board of Directors, senior management and staff. The Service Plan reflects the trends and issues facing the organization and serves as the basis for annual corporate planning.

Short-term direction is provided by objectives outlined in the Executive Management Team's Annual Plan, an internal planning document, and ongoing budget management. Both the Service Plan and the Annual Plan are revised each year to reflect changes in stakeholder needs, risk management, benchmarking, organizational capacity and emerging priorities. These short-term elements contain specific actions and measurable results that will assist the organization in fulfilling its goals.

The following four key goals in the Service Plan were developed based on BC Assessment's mandate, vision, values and the priorities established by the Board of Directors:

CUSTOMER SERVICE:
BC Assessment will provide a level of service that meets our customers' expectations.

PRODUCT QUALITY AND UNIFORMITY:
BC Assessment property assessment services throughout the province will be of the highest quality and fair, equitable, and uniform.

FISCAL RESPONSIBILITY:
BC Assessment will continue to seek new opportunities to improve operational efficiencies while meeting service delivery targets.

HUMAN RESOURCES LEADERSHIP:
BC Assessment will attract, develop and retain qualified and motivated staff.

Specific strategies noted in the 2007-2009 Service Plan are important because they set the direction and standards that align with the corporation's four overarching business goals. Within each strategy, targets for completion have been set. In addition to the target and actual performance for 2006, actual results for 2004 and 2005 are provided for historical comparison and future targets for 2007 to 2009 are included to provide a complete performance picture.

The majority of information in the report on performance is collected throughout the year by professional appraisal staff through a variety of sources, including property inspections, municipalities, regional districts, real estate boards, the Land Title and Survey Authority of British Columbia and individual property owners.

Performance Reporting: An Evolutionary Process

The performance measures contained in this report are not the only indicators used by BC Assessment, but they have been chosen by the Board of Directors to highlight the most important aspects of performance.
BC Assessment also aspires to incorporate the eight BC Reporting Principles that outline the characteristics of good performance reporting. These reporting principles have been endorsed by the Legislative Assembly's Select Standing Committee on Public Accounts for use by public sector organizations in British Columbia.

In 2005, BC Assessment became only the second provincial government organization to fundamentally incorporate all eight BC Reporting Principles in its Annual Report (2005 edition), as attested to by the Auditor General of British Columbia. This partnership of working together continues and is reflected in further improvements to this 2006 Annual Report. Next year, it is BC Assessment's intention to ask the Auditor General to again provide independent assurance on the fair presentation of our report in accordance with the BC Reporting Principles.

The measures have been selected from numerous possible indicators used to track and guide overall performance. They extend beyond traditional financial measures of success and consider other outcomes that are important to the fulfillment of the corporate goals. Many of the measures are international roll quality standards that are calculated on an annual basis by the corporation's internal Quality Assurance Department.

Continuous Improvement of Performance Reporting – Updating Performance Measures

It is important to note that the performance measures used are not static – the corporation is committed to continuous improvement of its key performance measures and their results. In 2007, the Board of Directors will continue to ensure that the course toward fulfilling the stated vision, mission and values and corporate goals is maintained. However, this work may result in new or refined strategic goals, strategies, performance measures and targets. The 2006-2008 Service Plan contained 15 performance measures which were streamlined to 10 key performance measures in the new 2007-2009 Service Plan. This annual report document demonstrates the corporation's move towards a better-defined and increasingly-specific performance reporting structure.

Benchmarking to other Canadian Assessment Jurisdictions

BC Assessment benchmarks internal valuation processes and practices against selected North American property assessment jurisdictions. The results from this benchmarking process allow the corporation to improve operating efficiencies while providing local governments and the provincial government with the basis for collecting over $5 billion annually in property taxes.

The corporation has been working closely with a number of Canadian assessment jurisdictions since 2002 to share information on virtually all aspects of running a successful assessment organization in Canada. Our partners include Service New Brunswick, the Saskatchewan Assessment Management Agency, the Municipal Assessment Agency in Newfoundland, Service Nova Scotia, the Municipal Property Assessment Corporation in Ontario, and the assessment departments in the cities of Saskatoon, Regina, Winnipeg, Calgary, Montreal, Quebec City, St. John's and Edmonton. It is important to note that this benchmarking information from provincial partners is proprietary and provided on a confidential basis and cannot be released publicly.

BC Assessment continues to exchange information and closely review what we collect to assist us in implementing improvements within our organization. These improvements include, but are not limited to: appraisal practice and policy development, quality measurement, audit techniques, key performance indicators, customer service and surveys, staff training and development opportunities, performance measurement, and competencies for staff and our legislative framework. These comparisons give the corporation confidence that the property assessment process in British Columbia is a system that provides high-quality, uniform assessments for property owners and taxpayers throughout the province. Benchmarking work is undertaken on an annual basis between April and June for the previous year. BC Assessment hosted the annual national benchmarking conference in July 2006 in Victoria.

Performance Targets and Results at a Glance

NOTE: The following Performance Measures reflect the 15 noted in the 2006-2008 Service Plan. For the new 2007-2009 Service Plan (published in February 2007), these measures have been reduced from 15 to 10. Three measures were removed, and two were consolidated into other existing measures.

** Performance Measures 5 and 6 have been combined as Performance Measure 5 in BC Assessment's new 2007-2009 Service Plan.*

*** Performance Measures 7 and 8 have been combined as Performance Measure 6 in BC Assessment's new 2007-2009 Service Plan.*

**** Performance Measures 11, 12 and 14 have been removed from BC Assessment's new 2007-2009 Service Plan. See Appendix B for detailed report on performance for 2006.*

KEY OBJECTIVES/ PERFORMANCE INDICATORS		2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	Was the 2006 target met?	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
PM. 1	Each year, 98 percent, or more, of residential assessments will be accepted without referral by the public to the Property Assessment Review Panel.	99%	99%	**≥98%**	**99%**	Target met	≥98%	≥98%	≥98%
PM. 2	Each year, 95 percent, or more, of non-residential assessments will be accepted without referral by the public to the Property Assessment Review Panel.	94%	92%	**≥95%**	**92%**	Target not met	≥95%	≥95%	≥95%
PM. 3	Each year, the percentage of residential and non-residential property owners independently surveyed who had direct contact with the corporation, and were either Very Satisfied or Satisfied with the level of customer service.	70% Survey results for residential property owners; N/A for non-residential	83%	**>80%**	**86%**	Target met	>86%	>87%	>88%
PM. 4	Each year, the percentage of local government/ taxing authority, First Nations, and provincial government customers independently surveyed who had direct contact with the corporation, and were either Very Satisfied or Satisfied with the level of customer service.	N/A No Surveys Conducted	100% (Provincial clients not surveyed)	**>90%**	**95%**	Target met	>95%	>95%	>95%

KEY OBJECTIVES/ PERFORMANCE INDICATORS	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	Was the 2006 target met?	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
PM. 5* The median *Assessment-to-Sales Ratio* for the residential assessment roll in British Columbia will be 97 to 100 percent.	97%	96%	**97%-100%**	**97%**	Target met	97%-100%	97%-100%	97%-100%
PM. 6* The median *Assessment-to-Sales Ratio* for the non-residential assessment roll in British Columbia will be 95 to 100 percent.	96%	95%	**95%-100%**	**95%**	Target met	95%-100%	95%-100%	95%-100%
PM. 7** The *Coefficient of Dispersion* for the provincial assessment roll will be less than 10 percent for homogeneous (urban) residential regions and less than 15 percent for heterogeneous (rural) residential regions.	Urban 7% Rural 9%	Urban 8% Rural 9%	**<10% <15%**	**Urban 7% Rural 11%**	Target met	<10% <15%	<10% <15%	<10% <15%
PM. 8** The *Coefficient of Dispersion* for the provincial assessment roll will be less than 20 percent for non-residential properties.	13%	17%	**<20%**	**16%**	Target met	<20%	<20%	<20%
PM. 9 The *Price-Related Differential* will be between 0.98 and 1.03 for residential properties.	1.01	1.01	**0.98-1.03**	**1.01**	Target met	0.98-1.03	0.98-1.03	0.98-1.03
PM. 10 The average cost per property for assessment services funded from property tax levies will be maintained.	$34.84	$35.95	**$38.00**	**$35.27**	Target met	$37.00	$37.00	$37.00
PM. 11*** By the end of 2008, non-tax revenues for the British Columbia Assessment Authority will be increased to $4.15 million annually.	$3.3 million	$3.5 million	**$3.75 million**	**$3.4 million**	Target not met	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan
PM. 12*** Percentage of employees receiving customer service training.	N/A	74%	**100%**	**97%**	Target not met	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan
PM. 13 Percentage of appraisal staff with professional accreditation	N/A	71%	**71%**	**63%**	Target not met	71%	71%	71%
PM. 14*** Corporate Continuous Improvement Measurement results improve annually.	427	431	**453**	**381**	Target not met	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan
PM. 15 Maintain low rate of staff turnover.	5%	5%	**5%**	**11%**	Target not met	8%	8%	8%

PERFORMANCE MEASURE 1	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
Each year, 98 percent, or more, of **residential** assessments will be accepted without referral by the public to the Property Assessment Review Panel.	99%	99%	≥98%	**99%**	≥98%	≥98%	≥98%

PERFORMANCE MEASURE 2	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
Each year, 95 percent, or more, of **non-residential** assessments will be accepted without referral by the public to the Property Assessment Review Panel.	94%	92%	≥95%	**92%**	≥95%	≥95%	≥95%

Importance

An important measure of public acceptance of the annual assessment roll is the number of complaints (appeals) to the Property Assessment Review Panel (PARP). BC Assessment tracks annual statistics to determine how many residential and non-residential property owners apply in writing for an independent review of their assessment by a PARP.

BC Assessment interprets a high acceptance of assessments by both residential and non-residential property owners as a validation of a number of corporate goals, including:

- maintaining low levels of property assessment appeals;
- maintaining high levels of customer service satisfaction and investigating ways to further improve performance;
- producing high quality assessment rolls; and,
- streamlining and simplifying our business practices.

These targets were chosen based on historical trends. For residential property owners, the number of formal complaints each year (appeals) is usually less than two percent of all residential owners. For non-residential property owners, this number is usually less than five percent of all non-residential owners.

These targets indicate that the assessment roll is of excellent quality because the assessed values are accepted by property owners and they do not formally appeal their assessment. Consistent, high results for this measure indicate that there are no significant problems with the quality of the assessment roll.

Residential (Class 1 properties) include single and multi-family residences, condominiums, manufactured homes and recreational properties. Approximately 87 percent of all properties in British Columbia are Class 1. Non-residential (Class 6 properties) are used for this measure because it is the only non-residential class where property values are derived from (real estate) market valuations as opposed to properties that are valued through legislated rates. Included are properties used for offices, retail, warehousing, hotels and motels. For a complete listing of properties included in each class, refer to BC Assessment's web site at www.bcassessment.ca.

Performance Highlights

The 2006 target for residential property owners was achieved, a significant accomplishment considering the active real estate markets and new construction levels in almost all areas of British Columbia in 2006.

However, the target for non-residential property owners was not met. This decrease in the acceptance rate is notable from historical trends, yet is understandable given the significant movement in real estate markets and new construction levels in most areas of British Columbia in 2006. Business owners are often concerned that a rise in their assessed value will automatically result in an increase in their taxes by their local taxing authority (e.g. municipality). Therefore, in a year with very active real estate markets, more non-residential property owners may challenge their property assessment at the PARP as an opportunity to influence the amount of property taxes they will be levied by their local government or taxing authority.

Major Programs and Strategies

BC Assessment recognizes it must focus on improving these results, and one key to improving property owners' acceptance of their assessment is to listen to customers' concerns, take action to provide improved customer service, and provide education and awareness about the assessment system. This work is supported by several corporate strategies including:

- development of a customer service commitment and service standards;
- conducting annual customer satisfaction surveys related to the appeal process;
- implementing customer service training for all staff;
- working with government to streamline the appeal process;
- holding forums and focus groups with key property owner groups;
- working with the provincial government to provide public education about the assessment complaint process;
- ensuring and measuring the uniformity and quality in the assessment rolls; and,
- developing best practices and business rules to ensure uniformity and efficiency.

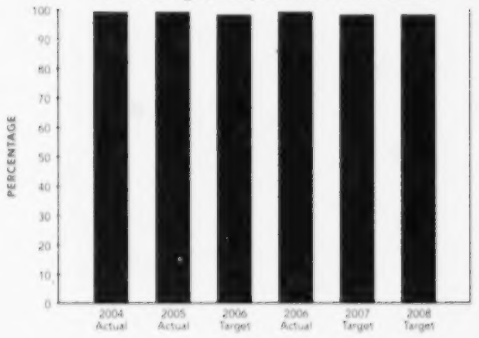
Looking Ahead

It is anticipated that strong activity and growth in the real estate market and increased new construction and development may continue in 2007. There is the potential for appeals to increase, particularly with non-residential property owners. Increased complaints, combined with continued expected rising property values and significant new construction and development across the province, presents the corporation with significant challenges. However, BC Assessment's management team believes that continuing to educate the public about the assessment and complaint (appeal) process, along with the strategies noted above, will help enable the corporation to continue its success of maintaining low rates of complaints.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

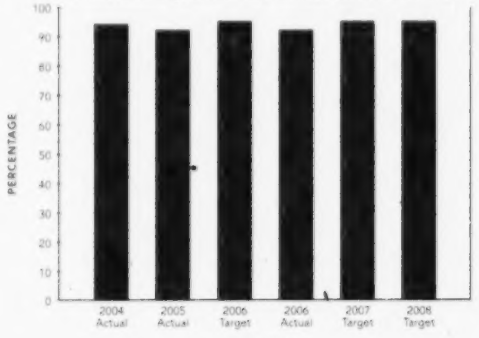
For more statistics on complaints by residential and non-residential property owners to the Property Assessment Review Panel (1994 – 2007), refer to Appendix C located on BC Assessment's web site at: www.bcassessment.ca/publications/reports/index.asp

PM.1 Percentage of Accepted Residential Assessments



Data Source: BCA Standards and Audit and Information Services Division, valueBC reports

PM. 2 Percentage of Accepted Non-Residential Assessments



Data Source: BCA Standards and Audit and Information Services Division, valueBC reports

PERFORMANCE MEASURE 3	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
Each year, the percentage of **residential** and **non-residential property owners** independently surveyed who had direct contact with the corporation, and were either Very Satisfied or Satisfied with the level of customer service.	70% results for residential property owners; N/A for non-residential 83%	83%	>80%	**86%**	>86%	>87%	>88%

PERFORMANCE MEASURE 4	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
Each year, the percentage of **local government/taxing authority**, **First Nations** and **provincial government customers** independently surveyed who had direct contact with the corporation, and were either Very Satisfied or Satisfied with the level of customer service.	N/A No Surveys Conducted	100% Note: Provincial clients not surveyed	>90%	**95%**	>95%	>95%	>95%

Importance

BC Assessment takes the customer survey process very seriously to achieve its goal of continuous improvement in customer service. The organization considers the survey results during the external communications strategic planning process as well as in the interest of maintaining stakeholder relations and daily operations. It is important that the corporation continue to improve the satisfaction of property owners with its products and services. Regular communications and two-way dialogue with all client groups helps foster the corporation's reputation as a trusted source for high quality property assessment information. BC Assessment is committed to surveying its various customer groups on an annual basis.

These targets were determined following consultations with the independent market research firm under contract to aid in survey development and administration. In their professional opinion, a satisfaction rating of greater than 80 percent for property owners, and greater than 90 percent for government clients are reasonable targets. The corporation is pleased with a satisfaction rating of 80 percent or higher but will work towards continual improvement of the results.

BC Assessment conducts annual customer surveys with five key client groups using an independent market research firm to conduct the surveys and compile the results. In 2006, the five surveys were conducted in April and May and a random sample of respondents were asked a number of questions to gauge their satisfaction with the products and services associated with the 2006 Assessment Roll and other products and services that BC Assessment provides.

Performance Highlights

For both residential and non-residential customers, BC Assessment met its stated target for 2006. In addition, BC Assessment exceeded its stated target for customer satisfaction for local government/taxing authority, First Nations and provincial government clients.

Major Programs and Strategies

In 2006, BC Assessment initiated a Customer Service Excellence project to focus employees on delivering exceptional service. This initiative also included customer service training for all employees.

BC Assessment takes pride in being very accessible to its customers. Property owners can reach staff in a number of ways: via phone (including toll-free phone numbers), e-mail or in person at our 19 area offices located throughout the province. Additionally, the corporation's web site contains a large amount of plain-language information on the assessment process and the assessment roll. Staff regularly attend and sponsor provincial, national and international conferences and events that promote industry and government networking.

For local governments, BC Assessment offers a variety of products and services, including Assessment Link*BC*, an Internet-based service. This service enables local government clients to search or create unique reports using property assessment data free-of-charge. This service provides access to timely information so local governments can make informed decisions on behalf of their communities. The corporation also offers property information services, or Data Advice, by request to local governments and other agencies. Data Advice supplies clients with current information available on the corporation's files. It is provided monthly in paper format, or via the Internet, which allows clients to easily update their computer systems.

Many First Nations in British Columbia are assuming property taxation responsibilities formerly provided by provincial and local governments. Assessment services are provided to 55 First Nations under a contract basis.

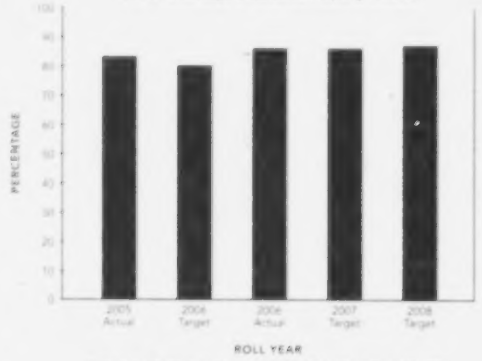
Looking Ahead

BC Assessment is committed to providing excellent customer service and places a high priority on listening to the needs of its stakeholders. The corporation will continue to survey its key customer groups to get regular feedback to evaluate the success of new programs and strategies, and plan and implement any changes in a timely manner. For 2007 to 2009, the Board of Directors has raised the target each year for Performance Measure #3 to strive for higher customer satisfaction levels with property owners.

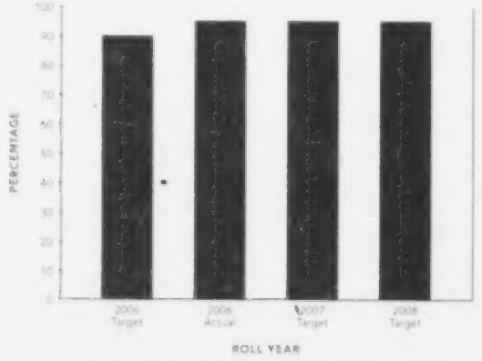
For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

For more details about the 2006 customer survey methods, including sample sizes and margins or error, refer to Appendix C located on BC Assessment's web site at: www.bcassessment.ca/publications/reports/index.asp

PM. 3 Percentage of Satisfied Property Owners



PM. 4 Percentage of Satisfied Government Customers



PERFORMANCE MEASURE 5	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
The median Assessment-to-Sales Ratio for the **residential** assessment roll in British Columbia will be 97 to 100 percent.	97%	96%	**97%-100%**	**97%**	97%-100%	97%-100%	97%-100%

PERFORMANCE MEASURE 6	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
The median Assessment-to-Sales Ratio for the **non-residential** assessment roll in British Columbia will be 95 to 100 percent.	96%	95%	**95%-100%**	**95%**	95%-100%	95%-100%	95%-100%

NOTE: These two performance measures have been combined into one performance measure (PM#5) in BC Assessment's 2007-2009 Service Plan

Importance

The Assessment-to-Sales Ratio (ASR) is an industry-standard roll quality measure set by the International Association of Assessing Officers (IAAO). The ASR is important because it measures how closely assessments mirror a property's actual selling price, or market value. A median ASR percentage between 95-100 percent indicates that a property's assessed value accurately reflects market value.

The IAAO has set the median ASR standard between 90-110 percent, however, BC Assessment has set its target between 97-100 percent for the residential assessment roll and between 95-100 percent for the non-residential assessment roll. These targets are more ambitious than the standard set by the IAAO.

While the term 'residential properties' can refer to single family homes as well as condominiums and town homes, this target is measuring only single family homes because there are significantly more single family homes in British Columbia than condominiums and town homes.

Performance Highlights

For 2006 (the 2007 Assessment Roll), both ASR targets for both performance measures were met. The results are satisfactory, and consistent with recent years, considering the volatile real estate market in 2006. The results are within the acceptable roll quality standards set out by the IAAO.

Major Programs and Strategies

Maintaining a high ASR percentage is supported by several key corporate strategies that include ensuring and measuring the uniformity and quality in the assessment rolls and developing best practices and business rules to ensure uniformity and efficiency. The corporation has an internal quality assurance program that regularly reviews the quality and accuracy of assessment information. Each year, an annual roll quality report is produced that itemizes each roll quality measure compared to international standards. The report is reviewed by staff, management, executive and the Board of Directors to determine if there are opportunities to improve data quality.

Looking Ahead

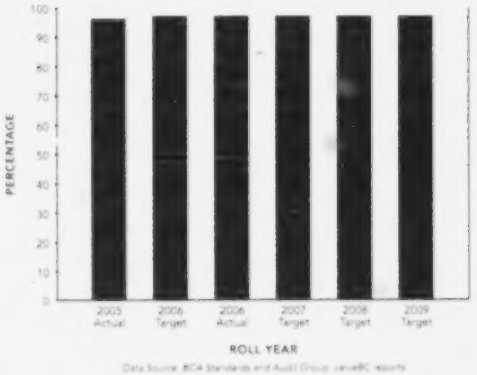
In order to maintain the quality of assessment roll data, BC Assessment has done the following:

- Made the auditing and quality of data a corporate priority in 2007 with an increased emphasis on performance planning, risk management and quality assurance; and,
- Reorganized staff roles and accountabilities in the Planning, Audit and Legal Service Division to support this focus and the corporate goal of providing property assessment services that are of the highest quality and are fair, equitable and uniform.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

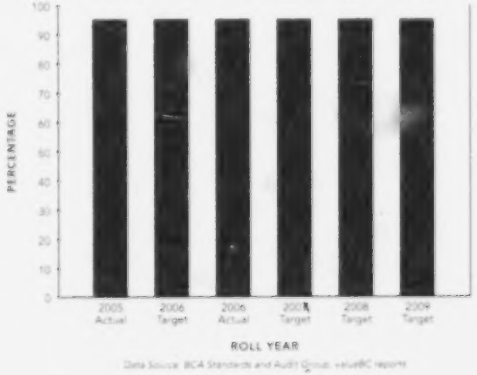
For more statistics on ASR for the 2007 Revised Roll, refer to Appendix C located on BC Assessment's web site at: www.bcassessment.ca/publications/reports/index.asp

PM.5 Assessment-to-Sales Ratio Residential Properties



Data Source: BCA Standards and Audit Group, valueBC reports

PM. 6 Assessment-to-Sales Ratio Non-Residential Properties



Data Source: BCA Standards and Audit Group, valueBC reports

PERFORMANCE MEASURE 7	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
The Coefficient of Dispersion (COD) for the provincial assessment roll will be less than 10 percent for homogeneous (urban) residential regions and less than 15 percent for heterogeneous (rural) residential regions.	Urban 7% Rural 9%	Urban 8% Rural 11%	**<10%** **<15%**	**Urban 7%** **Rural 11%**	<10% <15%	<10% <15%	<10% <15%

PERFORMANCE MEASURE 8	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
The Coefficient of Dispersion for the provincial assessment roll will be less than 20 percent for non-residential properties.	13%	17%	**<20%**	**16%**	<20%	<20%	<20%

NOTE: These two performance measures have been combined into one performance measure (PM#6) in BC Assessment's 2007-2009 Service Plan

Importance

BC Assessment measures the Coefficient of Dispersion (COD) for residential properties located in both urban and rural areas, according to internationally-recognized standards, as well as the COD for non-residential properties. The COD measures the quality of data by virtue of the spread of all the ASRs around its median, or middle number. Simply put, the lower the COD, the better quality the product. This is a measure of appraisal quality and uniformity. The target for non-residential is higher than for residential properties because non-residential properties are more variable than residential properties.

The COD standard set by the IAAO for single family residential properties is under 15 percent for homogeneous (urban) regions and under 20 percent for heterogeneous (rural) regions, however, the corporation has set targets of under 10 percent and under 15 percent respectively. The COD standard set by the IAAO and BC Assessment target for non-residential properties is less than 20 percent.

While the term 'residential properties' can refer to single family homes as well as condominiums and town homes, this target is measuring only single family homes because there are significantly more single family homes in British Columbia than condominiums and town homes.

Performance Highlights

All three COD targets were met for 2006 for the 2007 Provincial Assessment Roll. These results are a significant achievement considering the volatile real estate market in British Columbia over the past few years. An active market leads to an increased work load because more properties are being developed and they require valuation and more properties are selling and the sales information must be tracked and analyzed.

Major Programs and Strategies

Maintaining a low COD percentage is supported by several key corporate strategies that include ensuring and measuring the uniformity and quality in the assessment rolls and developing best practices and business rules to ensure uniformity and efficiency.

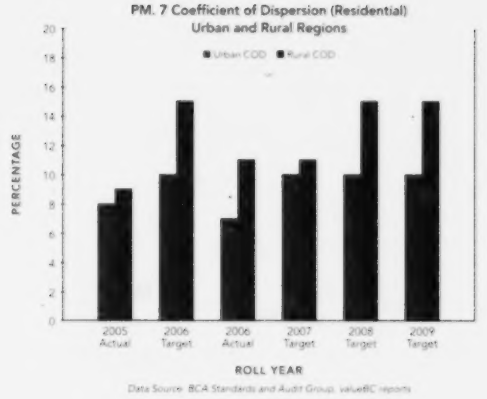
The corporation has an internal quality assurance program that regularly reviews the quality and accuracy of assessment information. Each year, an annual roll quality report is produced that itemizes each roll quality measure compared to international standards. The report is reviewed by staff, management, executive and the Board of Directors to determine if there are opportunities to improve data quality.

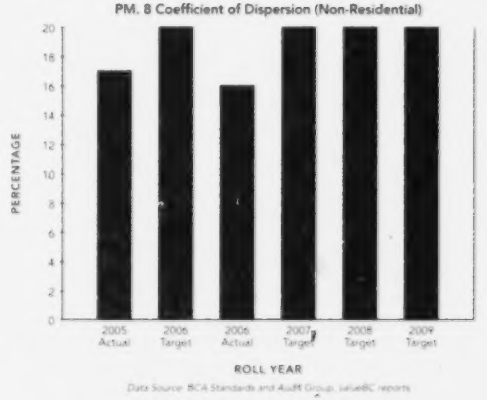
Looking Ahead

Auditing the quality of data and the effectiveness, efficiency and economy of the corporation is fundamental to the assessment function. In 2007, BC Assessment will continue to make this a corporate priority with an increased emphasis on performance planning, risk management and quality assurance. A reorganization of staff roles and accountabilities in the Planning, Audit and Legal Service Division will support this focus and the corporate goal of providing property assessment services that are of the highest quality and are fair, equitable and uniform.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

For more statistics on COD for the 2007 Revised Roll, refer to Appendix C located on BC Assessment's web site at: www.bcassessment.ca/publications/reports/index.asp





PERFORMANCE MEASURE 9	2004 Actual (2005 Assessment Roll)	2005 Actual (2006 Assessment Roll)	2006 Target (2007 Assessment Roll)	2006 Actual (2007 Assessment Roll)	2007 Target (2008 Assessment Roll)	2008 Target (2009 Assessment Roll)	2009 Target (2010 Assessment Roll)
The Price-Related Differential will be between 0.98 and 1.03 for residential properties.	1.01	1.01	0.98-1.03	1.01	0.98-1.03	0.98-1.03	0.98-1.03

Importance

BC Assessment determines if assessments for residential properties are 'progressive' or 'regressive' according to international standards by measuring the Price-Related Differential (PRD). Significant progressivity or regressivity results in the inequitable distribution of the tax burden, and a good quality assessment should show no sign of either, falling within the range noted above.

Assessments are considered regressive if high-value properties are under-appraised relative to low-value properties; they are considered progressive if high-value properties are over-appraised relative to low-value properties. In short, the PRD measures both the fairness and equity of the assessment rolls by comparing the level of assessment of high-valued property against low-valued property.

The IAAO standard and the BC Assessment target for the PRD is between 0.98 and 1.03. A PRD under 0.98 indicates progressivity; over 1.03 indicates regressivity.

This target was chosen because it is a standard roll quality measure among the international assessment community. The standard set by the IAAO is already rigorous, therefore, BC Assessment has adopted the same standard.

While the term 'residential properties' can refer to single family homes as well as condominiums and town homes, this target is measuring only single family homes because there are significantly more single family homes in British Columbia than condominiums and town homes.

Performance Highlights

The target for this performance measure was met. This is significant considering the volatile real estate market in British Columbia the past few years.

Major Programs and Strategies

Maintaining a PRD percentage within international standards is supported by several key corporate strategies that include ensuring and measuring the uniformity and quality in the assessment rolls and developing best practices and business rules to ensure uniformity and efficiency.

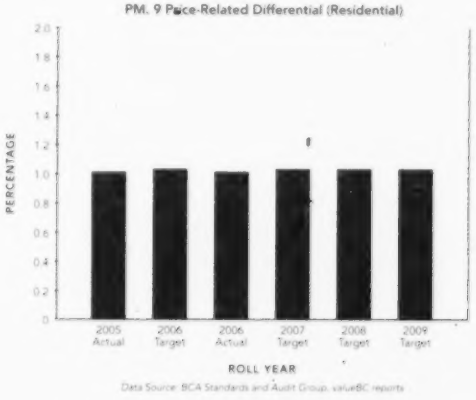
The corporation has an internal quality assurance program that regularly reviews the quality and accuracy of assessment information. Each year, an annual roll quality report is produced that itemizes each roll quality measure compared to international standards. The report is reviewed by staff, management, executive and the Board of Directors to determine if there are opportunities to improve data quality.

Looking Ahead

Auditing the quality of data and the effectiveness, efficiency and economy of the corporation is fundamental to the assessment function. This activity will continue to be a corporate priority and 2007 will see an increased emphasis on performance planning, risk management and quality assurance. A reorganization of staff roles and accountabilities in the Planning, Audit and Legal Service Division will support this focus and the corporate goal of providing property assessment services that are of the highest quality and are fair, equitable and uniform.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

For more statistics on PRD for the 2007 Revised Roll, refer to Appendix C located on BC Assessment's web site at: www.bcassessment.ca/publications/reports/index.asp



PERFORMANCE MEASURE 10	2004 Actual	2005 Actual	2006 Target	2006 Actual	2007 Target	2008 Target	2009 Target
The average cost per property for assessment services funded from property tax levies will be maintained.	$34.84	$35.95	**$38.00**	**$35.27**	$37.00	$37.00	$37.00

Importance

Historically, BC Assessment has not received direct funding from the provincial government to support its operations*. Funding for services is generated primarily through a direct levy that local governments and other taxing authorities place on all taxable properties. BC Assessment has no direct role in property taxation and operates independently from other levels of local and provincial government.

This performance measure reflects the corporation's commitment to keep assessment services costs for property owners as low as possible despite meeting increased service demands in an increasingly complex business environment. The target amount was determined by comparing BC Assessment's operations to those of similar provincial jurisdictions.

The cost per property for assessment services funded from tax levies has been calculated by taking total expenditures for the year less revenues which are not categorized as 'tax levies', 'payments in lieu of taxes' and 'First Nations revenue' divided by the number of properties for the revised roll produced for the following year.

Performance Highlights

BC Assessment achieved the target for 2006. The corporation is reliant on property tax levies generated by other taxing authorities for the largest part of its revenues but is also subject to fiscal constraints and is increasingly becoming more efficient and cost-effective. Additionally, the number of properties that are assessed annually continues to increase.

Major Programs and Strategies

Maintaining the cost of assessment services is supported by the corporate strategy of developing best practices and business rules to ensure uniformity and efficiency. BC Assessment if also committed to its goal of fiscal responsibility.

Looking Ahead

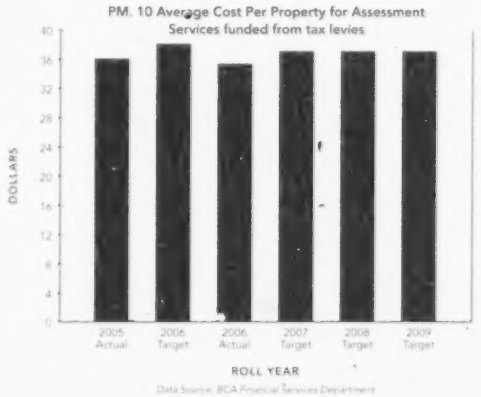
BC Assessment is committed to maintaining the cost for assessment services at no more than $37.00 per property. This reflects acceptable levels of cost for services when compared to other assessment jurisdictions. This has been accomplished during the construction boom experienced in recent years, which results in an increase in properties requiring valuation by BC Assessment staff during a period of volatile real estate market conditions. The corporation will maintain the current programs aimed at providing efficiencies that include working in specialized appraisal teams, consistency of valuation policies and developing best practices and business rules.

**In 2006, the Provincial Government of British Columbia provided BC Assessment with a one-time grant for $2.4 million as part of the Province's 2006 labour negotiating framework to cover incentive payments to eligible employees. (see page 35).*

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

For more statistics on parcel (property folio) counts for 1989-2007, refer to Appendix C located on BC Assessment's web site at: www.bcassessment.ca/publications/reports/index.asp

NOTE: Performance Measures #11 and 12 have been removed from BC Assessment's 2007-2009 Service Plan. See Appendix B for detailed report on performance.



PERFORMANCE MEASURE 13	2004 Actual	2005 Actual	2006 Target	2006 Actual	2007 Target	2008 Target	2009 Target
Percentage of appraisal staff with professional accreditation.	N/A	71%	71%	63%	71%	71%	71%

Importance

This measure highlights the corporation's priority to provide property owners with the highest standards in assessment roll quality by supporting and investing in the development of appraisal staff through professional accreditation. Appraisal staff have an opportunity to obtain professional accreditation to help them perform their work, and to seek promotions within the corporation. The staff included in this measure are working level appraisers plus all other positions which either have either a requirement or a preference for accreditation as part of the job description.

Performance Highlights

The results for 2006 fell short of the stated target. In 2005 and 2006, there was a higher incidence of retiring accredited employees necessitating the recruitment of employees who will require three to five years to achieve accreditation. However, the overall number of employees who have professional accreditation is still considered significant at 63 percent.

Major Programs and Strategies

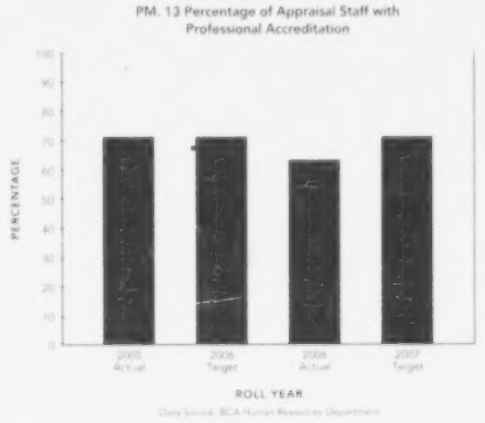
Supporting appraisal staff to receive designations is a key element of the corporate strategy of developing and implementing a long-term human resources development plan that addresses succession planning, staff retention, capacity issues, and the overall needs of the organization. The strategy focuses on building a continuous learning culture with employees that will result in personal development, management and leadership.

Looking Ahead

BC Assessment is committed to improving performance in this area. This performance measure is relatively new for the corporation and there is no historical reference for setting the targets. Further adjustments to the target may be required in future years as the corporate staffing strategy is implemented and more new staff are hired. BC Assessment has reviewed its hiring criteria and in the future will be preferring candidates who have educational backgrounds which will allow them to progress more quickly toward accreditation. Where possible, candidates who are already accredited will be sought as well. In addition, BC Assessment will be monitoring the progress of existing employees toward accreditation and will be examining methods of providing support to them. BC Assessment is also committed to strengthening its partnerships with accreditation organizations such as the Appraisal Institute of Canada and the Real Estate Institute of British Columbia.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

NOTE: Performance Measure #14 has been removed from BC Assessment's 2007-2009 Service Plan. See Appendix B for detailed report on performance.



PERFORMANCE MEASURE 15	2004 Actual	2005 Actual	2006 Target	2006 Actual	2007 Target	2008 Target	2009 Target
Maintain low rate of staff turnover.	5%	5%	5%	11%	8%	8%	8%

Importance

A low turnover rate of permanent employees is important to the corporation to maintain efficiencies and retain corporate knowledge. BC Assessment will continue to offer permanent employees a challenging work environment, opportunities for advancement, competitive wages and a comprehensive benefits package. Historically, the corporation has experienced a low rate of permanent staff turnover compared to similar assessment organizations in Canada. In 2005, the staff turnover rate was slightly lower than the target at 4.88 percent and less than the average of reporting Canadian assessment jurisdictions at 5.1 percent. The corporation also had results that were lower than its counterparts in 2004 at 4.53 percent and 2003 at 2.67 percent.

Performance Highlights

For 2006, BC Assessment did not meet its stated target for this measure. A competitive job market in British Columbia in 2006 saw several staff move to new opportunities in the private sector, resulting in the staff turnover rate rising to an unprecedented 11 percent, the highest one-year increase in BC Assessment's history. In addition, and as expected, the leading edge of 'baby boom' employees have started to retire. The province's real estate construction boom and market movement meant that staff turnover was significant. As a result, 285 temporary employees were hired for varying periods to assist with the collection of property information.

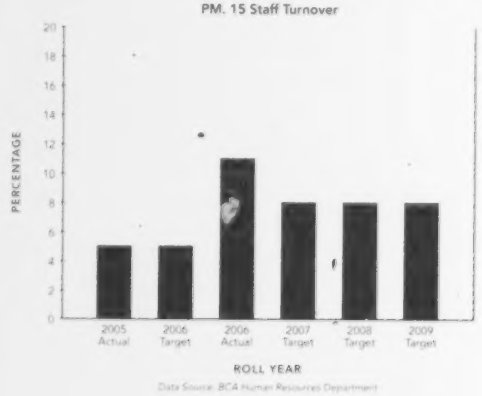
Major Programs and Strategies

The commitment to have low rates of staff turnover supports the corporate strategy of developing and implementing a long-term human resources recruitment and retention plan. This plan will address succession planning, staff retention, and capacity issues, as well as maintaining staff turnover rates.

Looking Ahead

The staffing approach is being revisited to ensure that future capacity is appropriate to meet the challenges of the changing business environment. A phased-in hiring approach of additional staff was approved which addressed succession needs and other risk areas, while recognizing the potential constraints of the labour market and the internal challenges of bringing new staff into the organization. The objective of the staffing strategy is to ensure that BC Assessment is well-positioned when retirements occur.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.



Supplemental to Report on Performance – Risk Management Activities

Enterprise-wide Risk Management

BC Assessment has adopted the provincial government's Enterprise-wide Risk Management strategy. Through input from the Risk Management Branch and the Office of the Comptroller General Internal Audit and Advisory Services, the corporation started to implement Enterprise-wide Risk Management in 2003. This allows for a structured and disciplined approach to risk management and the effective management of potential opportunities.

Customers are continually increasing their expectations for products, services and assessment roll quality. As a result, the corporation's executive and staff routinely identify risk in project-specific management plans. In order to be complete, project management plans must identify risk, determine the degree of risk and develop methods to mitigate risk. This enterprise-wide approach to risk management aligns strategy, processes, people and technology to effectively manage the uncertainties. In 2007, BC Assessment introduced a new head office structure and management position to make further improvements to performance planning and risk management.

INTERNAL BUSINESS ENVIRONMENT

value*BC* - Customer Service Benefits

In 2005, and through 2006, BC Assessment implemented value*BC*, a new assessment information system. The new system successfully produced the 2006 and 2007 Assessment Rolls and replaced outdated mainframe technology that had been in place since the 1970s. Its state-of-the-art database and search capabilities enabled staff to serve clients more efficiently, with improved electronic linkages to other tools such as Geographic Information Systems (GIS) and databases (e.g., Land Title and Survey Authority of BC). With the goal to promote more interaction with customers, the system features services such as Assessment Link*BC*, an online service for local governments to download and customize information specifically for their needs.

THE EXTERNAL BUSINESS ENVIRONMENT

BC Assessment's external business environment is driven primarily by the residential and commercial real estate markets. In 2006, the trend of increasing property values experienced in the past few years continued in British Columbia. Properties in areas such as the Lower Mainland and southern Vancouver Island increased significantly in value, as did most waterfront properties throughout the province.

The following table highlights some of BC Assessment's key areas of risk management activities:

SITUATION	POTENTIAL RISKS	RISK MITIGATION STRATEGY
A new assessment information system, valueBC, was introduced in 2005 to replace outdated technology	BCA could fail to successfully produce the annual Assessment Roll by its legislated deadline of December 31. Customer service could be compromised. Support for the provincial government's Property Assessment Review Panel (appeal) process could be compromised. Data integrity and quality could be compromised.	A master Risk Management Plan was developed to identify all risks for the project and updated monthly by the Board and Executive. Risk plans for all components of the project enabled the 2006 and 2007 Assessment Rolls to be successfully completed on time, and fully support the appeal process. The Quality Assurance Department regularly audits data to ensure it continues to meet and exceed international standards for quality.
Financial accountability is an important principle for a public organization	Failure to have appropriate internal and external financial controls could lead to declining confidence of taxpayers and other stakeholders.	The corporation maintains appropriate internal controls and will continue reporting regularly to the Audit and Finance Committee and Board of Directors and quarterly to the Office of the Comptroller General. BC Assessment is subject to an annual external audit of its financial statements, currently performed by the Office of the Auditor General.
Staff Succession and Turnover (capacity)	The current competitive employment market, and higher rates of retirement, could place pressures on BC Assessment related to its staffing capacity.	The Human Resources Department has prepared detailed succession plans to forecast staff turnover based on the increasing number of retirees among our mature workforce. In addition, a senior management succession plan is under development. In 2006 and 2007, the Department executed a new staffing strategy to recruit additional new employees to the company despite a job market where competition amongst employers for talent was fierce. The Department also has engaged a series of employee focus groups to examine issues affecting retention.

SITUATION	POTENTIAL RISKS	RISK MITIGATION STRATEGY
Public Reputation and Public Confidence	Rising property values in recent years concern property owners who may worry what the result could be on their property taxes administered by their local taxing authority.	The Communications Department finalized the Customer Service Excellence strategy in 2006 that includes a Service Commitment and Service Standards that reflects the service principles our customers expect, and help guide staff interactions with the public. The Department also gauges public opinion about BC Assessment's reputation and services through annual customer surveys and analysis of media coverage. An annual Community Relations Campaign focuses on promoting greater public awareness and education for the property assessment process through publications, media relations, stakeholder communications, and other strategies.
Executive Management Continuity	Lack of clear leadership accountability in the absence of individual executives could disrupt operations.	The Executive Management Team developed guidelines to delegate authority in the absence of the Chief Executive Officer and/or Executive Directors to ensure that BC Assessment's operations will be maintained with minimal disruption.

Alignment with Government's Strategic Plan

The provincial government's 2006/07–2008/9 Strategic Plan was the guiding document for BC Assessment's 2006 Annual Service Plan Report that outlines goals, objectives, strategies and performance measures/targets. As with the government, BC Assessment's goals and objectives were developed in the context of fiscal responsibility and maintaining support for communities that provide services for health and education.

Specifically, BC Assessment supports the provincial government's goals in the following ways:

GOAL 1 - Make British Columbia the best-educated, most literate jurisdiction on the continent.

BC Assessment has always placed a strong emphasis on public education and being transparent in providing the public and property owners with information about the assessment process and its relationship to the property taxation system administered by local governments and other taxing authorities. British Columbians can access in-depth information about BC Assessment's mandate, products and services in a variety of convenient ways and formats including telephone service, fact sheets, reports, and online information at www.bcassessment.ca.

GOAL 2 - Lead the way in North America in healthy living and physical fitness.

Local governments and the provincial government use the assessment rolls to establish applicable rates for property taxation. In 2006, approximately $5.1 billion in property taxes was collected in British Columbia. These funds provide municipalities and other taxing authorities with the resources to develop and maintain infrastructure and services that support healthy living including, recreation centres and facilities and programs for personal health and wellness.

GOAL 3 - Build the best system of support in Canada for persons with disabilities, those with special needs, children at risk and seniors.

The corporation's products and services provide the basis for billions of dollars worth of stable tax funding to support local programs and services to help communities thrive. BC Assessment employees demonstrate this through their participation in various charitable and social causes throughout the province which provide direct social assistance to people with special needs, including children, families and seniors.

GOAL 4 - Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.

BC Assessment's corporate culture supports protecting the environment by using energy and materials wisely to conserve natural resources.

GOAL 5 - Create more jobs per capita than anywhere else in Canada.

British Columbia's property assessment process is very stable and provides the public with accurate assessment information. Property information products and services are also provided to local governments, First Nations, banks, credit unions, law offices and other organizations to use in their daily business dealings. Assessment information is used to assist in the administration of the provincial government's Home Owner Grant and the Tax Deferment Programs. The corporation's goals of Product Quality and Uniformity and Fiscal Responsibility each contribute to building a strong economic foundation for British Columbia.

Management Discussion and Analysis

BC Assessment establishes and maintains property values for assessable properties in the province of British Columbia and provides them to property owners and taxing authorities. Taxing authorities use the property values to form the basis of their tax rolls. BC Assessment's primary source of revenue is from a tax levy placed on each taxable property. This tax levy is a component of the property taxes paid by property owners to the taxing authorities who in turn remit the tax levy to BC Assessment. Other revenue sources are contract revenue, data access services, payments in lieu of taxes, First Nations services and investment income.

The financial statements of BC Assessment are prepared by management in accordance with Canadian generally accepted accounting principles.

Highlights of key results of operations and changes in financial conditions for 2006 compared to 2005 are as follows:

- An excess of revenue over expenditure for the year ended December, 31 2006 of $2,308,000 was reported, compared to $836,000 in 2005.
- Revenue for 2006 was $2.7 million higher than in 2005. After removing a non-recurring grant from the Province, the year over year revenue increase was.$322,000.
  - Tax levy rates were set so that the average taxpayer in each class should pay no more in 2006 than in 2005. An increase in tax levy revenue of $1.5 million resulted from new construction.
  - In March 2005, a contract with the Greater Vancouver Transportation Authority was signed for preparation of a parking site roll for TransLink. Revenue relating to this contract was $1.5 million lower in 2006 than 2005 due to lower costs incurred by BC Assessment in preparing the second parking site roll.
  - BC Assessment received a non-recurring $2.3 million grant from the Province of British Columbia as part of the 2006 Negotiating Framework to cover a one-time incentive payment for all eligible employees. BC Assessment and the Canadian Union of Public Employees local 1767 signed a four year collective agreement in effect from January 1, 2006 to December 31, 2009.
  - Investment income was $348,000 higher than in 2005 due to higher cash balances and higher earnings than anticipated.
- Expenditures were $1.2 million higher in 2006 than in 2005.
  - Salaries and benefits were $2.9 million higher than 2005, of which $2.3 million was attributable to the one-time incentive payment noted above.
  - Professional and special services were $1.9 million lower in 2006. The 2005 expenditure includes significant non-recurring costs in support of the new assessment system implementation (value*BC*) which occurred that year, the most significant of which was staff training and the continuation of service bureau costs for the old assessment system (CAPAS) during the transition period from CAPAS to value*BC*.
- In 2006 capital expenditures were $2.8 million, half of which was continued development of value*BC*. The remainder was expended on replacement of capital assets used in operations. In 2005 capital expenditures were $4.8 million, approximately $1.8 for customization of value*BC* and the remaining $3 million for hardware and software in support of operations. This included computer equipment (special purpose portable computers used by appraisers, desktop computers, laptop computers) furniture, vehicles and other equipment.
- The Board of Directors of BC Assessment established that funding for significant non-recurring expenditures be provided from accumulated equity from operations. An appropriated amount of $3,880,000 (2005: $3,500,000) has been separately classified as a component of equity to reflect this direction from the Board. The appropriation reflects $1.88 million towards completion of information technology projects and $2 million towards future assessment system replacement. Starting with 2005 and to the extent equity from operations is available for this purpose; the Board may annually appropriate an amount equal to $1 million for future assessment system replacement. This appropriation will earmark these funds for the next major investment in an assessment system which at this time is estimated to be in ten years.

Key Financial and Operating Statistics

Year ended December 31, 2006 – Comparison to prior years

Statement of Revenue and Expenditure

(in $000's)	2006	2005	2004	2003	2002
REVENUE:					
Tax levies	64,085	62,589	60,304	60,594	60,942
Other	6,972	8,525	4,544	4,310	4,526
Grant from the Province	2,343	–	–	–	–
Investment	752	404	391	468	452
Gain on disposal of capital assets	31	–	159	–	–
	74,183	71,518	65,398	65,372	65,920
EXPENDITURE:					
Salaries and benefits	49,315	46,414	43,715	42,450	45,785
Professional and special services	6,997	8,940	6,048	5,304	4,892
Office premises	4,569	4,537	4,413	4,495	4,607
Office	4,168	4,200	3,869	3,435	2,784
Travel	1,635	1,587	2,138	2,567	1,851
Appeal costs	2,010	1,885	1,632	1,700	1,632
Bad debts	1	32	–	–	–
Interest	111	87	68	79	76
Loss on disposal of capital assets	–	–	–	–	219
Amortization	3,069	3,000	2,143	2,389	2,350
	71,875	70,682	64,026	62,419	64,196
Excess of revenue over expenditure before non-recurring revenue	2,308	836	1,372	2,953	1,724
Non-recurring revenue	–	–	747	–	–
Excess (deficiency) of revenue over expenditure for the year	2,308	836	2,119	2,953	1,724

Capital Expenditures

(in $000's)	2006	2005	2004	2003	2002
	2,755	4,848	4,966	4,749	2,729

Key Financial and Operating Statistics

Year ended December 31, 2006 – Comparison to prior years

Capital Expenditures

Number of Full Time Equivalent Staff

	2006	2005	2004	2003	2002
Number of full time equivalent employees*	670	681	638	620	579

*2002 has been restated to conform with current presentation

Highlights of key results of operations and changes in financial conditions for 2006 compared to the 2006 forecast (which reflects BC Assessment's 2006 budget) in the 2006-2008 Service Plan Update are as follows:

- Excess of revenue over expenditure for the year is $2.3 million greater than forecast.
- Revenue was $2.3 million over budget. After removing the unanticipated grant from the Province of $2.3 million, revenue was on budget, with additional investment revenue offsetting lower than anticipated tax levies.
- Although total expenditures are on budget, after removing the unplanned incentive payment to employees, expenditures were $2.3 million less than planned. The variances from forecast were caused by a variety of factors, including:
  - Higher than normal turnover rates were experienced during 2006. However, savings in salaries were offset by higher than budgeted increases in benefit costs such as the 2006 Public Service Pension Plan increase.
  - Professional and special services were lower than planned. Approximately half of the variance was due to lower staff development costs because of lower than planned permanent staffing levels. The remainder was due to a reduction in projects undertaken.
  - Reduced expenditures in a number of areas including voice services, teleprocessing, equipment and software maintenance and support contributed to a favourable variance in office costs.
  - Travel costs were also lower than forecast due to lower than targeted permanent staffing levels.
- Capital expenditures were $450,000 higher than planned. This was mainly due to change in timing of the final payment for value*BC* related software from 2005 to 2006.
- Staffing levels for the year were 670 full time equivalents (including both permanent and temporary employees) compared to a forecast of 678 full time equivalents.

Key Financial and Operating Statistics

Comparison to 2006 Forecast in 2006-2008 Service Plan Update

Statement of Revenue and Expenditure

(in $000's)	2006 ACTUAL	2006 FORECAST	CHANGE
REVENUE:			
Tax levies	64,085	64,600	(515)
Other	6,972	6,901	71
Grant from the Province	2,343	0	2,343
Investment	752	400	352
Gain on disposal of capital assets	31	0	31
	74,183	71,901	2,282
EXPENDITURE:			
Salaries and benefits	46,972	46,981	(9)
Salaries and benefits – incentive payment	2,343	–	2,343
Professional and special services	6,997	7,767	(770)
Office premises	4,569	4,769	(200)
Office	4,168	4,732	(564)
Travel	1,635	2,160	(525)
Appeal costs	2,010	2,176	(166)
Bad debts	1	–	1
Interest	111	100	11
Amortization	3,069	3,216	(147)
	71,875	71,901	(26)
Excess (deficiency) of revenue over expenditure for the year	2,308	–	2,308

Capital Expenditures

(in $000's)	2006 ACTUAL	2006 FORECAST	CHANGE
	2,755	2,305	450

Number of Full Time Equivalent Staff

	2006 ACTUAL	2006 FORECAST	CHANGE
	670	678	(8)

Audited Financial Statements of

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Year ended December 31, 2006

BRITISH COLUMBIA ASSESSMENT AUTHORITY
STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of the British Columbia Assessment Authority ("BC Assessment") for the year ended December 31, 2006 have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in the notes to financial statements.

Management is responsible for the preparation of the financial statements and has established a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board, with and without the presence of management.

The Auditor General of British Columbia, the external auditor of BC Assessment, has performed an independent audit of the financial statements of BC Assessment in accordance with generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of BC Assessment.

Doug Rundell
CHIEF EXECUTIVE OFFICER
ASSESSMENT COMMISSIONER

Laurie McAmmond
EXECUTIVE DIRECTOR
CORPORATE SERVICES

Report of the Office of the Auditor General of British Columbia

To the Board of Directors of the
British Columbia Assessment Authority, and

To the Minister of Small Business and Revenue,
and Minister Responsible for Regulatory Reform
Province of British Columbia:

I have audited the balance sheet of the *British Columbia Assessment Authority* as at December 31, 2006 and the statements of revenue and expenditure, equity and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Assessment Authority* as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
March 7, 2007

Errol Price, CA
DEPUTY AUDITOR GENERAL

BRITISH COLUMBIA ASSESSME[illegible]AL [illegible]ORITY

Balance Sheet

(in $000s)
December 31, 2006

	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	**22,244**	18,311
Accounts receivable	**1,563**	1,718
Prepaid expenses	**624**	308
	24,431	20,337
Capital assets (note 2)	**13,248**	13,562
	37,679	33,899
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**9,332**	7,845
Current portion of long-term liabilities	**134**	111
	9,466	7,956
Long-term liabilities (note 3):		
Employees' past benefits	**47**	68
Employees' future benefits	**2,352**	2,369
	2,399	2,437
Equity:		
Equity in capital assets	**13,248**	13,562
Equity from operations – appropriated	**3,880**	3,500
Equity from operations – unappropriated	**8,686**	6,444
	25,814	23,506
	37,679	33,899

Commitments (note 5)

The accompanying notes are an integral part of these financial statements.

On behalf of the Board

Lillian White
DIRECTOR

DIRECTOR

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Revenue and Expenditure

(in $000s)
Year ended December 31, 2006

	2006	2005
Revenue:		
Tax levies	64,085	62,589
Other (note 6)	6,972	8,525
Grant from the Province (note 7)	2,343	–
Investment	752	404
Gain on disposal of capital assets	31	–
	74,183	71,518
Expenditure:		
Salaries and benefits	49,315	46,414
Professional and special services	6,997	8,940
Office premises	4,569	4,537
Office	4,168	4,200
Travel	1,635	1,587
Appeal costs (note 8)	2,010	1,885
Bad debts	1	32
Interest (note 9)	111	87
Amortization	3,069	3,000
	71,875	70,682
Excess of revenue over expenditure for the year	2,308	836

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Equity

(in $000s)
Year ended December 31, 2006

	Capital assets	Appropriated (note 10)	Unappropriated	2006	2005
Equity, beginning of year	13,562	3,500	6,444	**23,506**	22,670
Excess (deficiency) of revenue over expenditure for the year	(3,069)	–	5,377	**2,308**	836
Transfers to equity in capital assets	2,755	–	(2,775)	–	–
Transfer during year	–	380	(380)	–	–
Equity, end of the year	13,248	3,880	8,686	**25,814**	23,506

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Cash Flows

(in $000s)
Year ended December 31, 2006

	2006	2005
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditure for the year*	**2,308**	836
Items not involving cash:		
Amortization	**3,069**	3,000
Gain on disposal of capital assets	**(31)**	–
Decrease in employees' past benefits	**(38)**	(18)
Increase in employees' future benefits	**23**	340
Changes in non-cash operating working capital (note 11)	**1,326**	114
	6,657	4,272
Investing:		
Acquisition of capital assets	**(2,755)**	(4,848)
Proceeds on disposal of capital assets	**31**	26
	(2,724)	(4,822)
Increase (decrease) in cash	**3,933**	(550)
Cash and cash equivalents, beginning of year	**18,311**	18,861
Cash and cash equivalents, end of year (note 11)	**22,244**	18,311

*Includes interest paid of $111,267 (2005 - $86,616)

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

The British Columbia Assessment Authority ("BC Assessment") was established in 1974 by the Province of British Columbia with the enactment of the Assessment Authority Act. The purpose of BC Assessment is to establish and maintain assessments that are uniform in the whole of the province in accordance with the Assessment Act.

1. **Significant accounting policies:**

The financial statements of BC Assessment have been prepared by management in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of these financial statements.

(a) Cash and cash equivalents:

Cash and cash equivalents include deposits in banks and short-term investments.

(b) Capital assets:

Capital assets are carried at cost less accumulated amortization. Amortization is determined at rates which will reduce original cost to estimated residual value over the useful life of the asset. The annual rates used to compute amortization on a straight-line basis are as follows:

Asset	Rate
Buildings	5%
Furniture and equipment, including computer equipment	20-33%
Assessment system software*	10%
Other software	100%
Motor vehicles	20%
Leasehold improvements	Over the term of the lease

*Customization and additions to assessment system software are amortized over the estimated remaining useful life of the system.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

1. **Significant accounting policies (continued):**

   (c) **Short-term investments:**

   Short-term investments are recorded at the lower of cost and fair value.

   (d) **Revenue:**

   BC Assessment, by by-law and subject to the prior approval of the Lieutenant Governor in Council, each year imposes and levies a tax upon all taxable real property in the province, but excluding property that is taxable for school purposes only by special Act. A copy of this by-law is forwarded to the Tax Collector of every municipality in the province and to the Surveyor of Taxes in order that the taxes so levied will be placed on the tax rolls. The proceeds of the taxes so levied and collected by the municipalities or the Minister of Small Business and Revenue constitutes BC Assessment's tax levies revenue.

   (e) **Measurement uncertainty:**

   The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and other expenditure during the year. Items requiring the use of significant estimates include employees' future benefits and various other expenditure accruals. Actual results could differ from these estimates.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

2. Capital assets:

(in $000s)	Cost	Accumulated amortization	2006 Net book value	2005 Net book value
Land	354	–	**354**	354
Buildings	2,519	1,218	**1,301**	1,427
Furniture and equipment, including computer equipment	16,756	14,557	**2,199**	2,693
Assessment system software	11,454	2,543	**8,911**	8,716
Other software	100	100	–	–
Motor vehicles	1,834	1,469	**365**	283
Leasehold improvements	327	209	**118**	89
	33,344	20,096	**13,248**	13,562

3. Long-term liabilities:

(a) Employees' past benefits:

At the time of the formation of the British Columbia Assessment Authority, BC Assessment negotiated an agreement with those designated employees whose previous working agreements contained clauses that called for payment of certain benefits upon death, retirement or termination of employment. The benefits under the agreement are recognized as a long-term liability, with an amount equal to payments due within the immediate twelve months following the statement date segregated and recognized as a current liability. Adjustments to the liability resulting from changes in salary rates are charged to the current year. Payments of benefits are treated as a reduction of the liability.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

3. Long-term liabilities (continued):

(b) Employees' future benefits:

Outside of the Public Service Pension Plan, BC Assessment annually accrues the future obligation under the defined retirement benefit plan as the employees render the services necessary to earn the benefit. Management, using an estimate of salary escalation and expected retirement ages, calculates the cost of the defined retirement benefit. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Assessment.

			2006	2005
(in $000s)	Total liability	Current portion	**Net liability**	Net liability
Employees' past benefits	61	14	**47**	68
Employees' future benefits	2,472	120	**2,352**	2,369
	2,533	134	**2,399**	2,437

4. Employee benefits plan:

BC Assessment and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2005) determined the Plan has an unfunded liability. As a result, the actuary determined that an increase in contribution rates of 1.88% each, for plan members and employers, was necessary in order for the Plan to maintain its long term financial soundness and thus its ability to meet the pension promise made to plan members. The increase in rates was introduced effective April 1, 2006.

Contributions to the Plan by BC Assessment for 2006 were $3,028,947 (2005: $2,500,558).

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

5. Commitments:

BC Assessment is committed to make payments under operating leases and contracts as follows:

(in $000s)	Premises leases	Other contracts
2007	3,717	1,572
2008	3,153	1,180
2009	3,206	993
2010	2,285	315
2011	2,010	–
2012-2018	6,414	–
	20,785	4,060

6. Other revenue:

(in $000s)	2006	2005
Contract revenue	**2,396**	3,863
Data access services	**3,394**	3,453
Payments in lieu of taxes	**709**	731
First Nations services	**424**	411
Other	**49**	67
	6,972	8,525

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

7. Grant from the Province:

BC Assessment received $2,369,400 from the Province of British Columbia as part of the 2006 Negotiating Framework to cover a one-time incentive payment for all eligible employees. Of the total amount received, $2,343,164 was paid to eligible employees and the excess of $26,236 will be returned to the Province.

8. Appeal costs:

Section 17 of the Assessment Authority Act requires BC Assessment to pay the amount requisitioned by the Province to cover the anticipated costs of appeals to the Property Assessment Review Panel and the Property Assessment Appeal Board. Under subsection 17(6), the amount requisitioned is paid in quarterly installments. Subsection 17(7) allows for the final installment to be adjusted to reflect the actual costs to the Province of the appeals.

9. Financing:

Under subsection 20(5) of the Assessment Authority Act, BC Assessment may, "until receipt of the proceeds of the taxes...borrow an amount not exceeding the proceeds of the taxes...and the loan must be repaid from the proceeds of the taxes".

The maximum borrowings by BC Assessment during 2006 were $17,994,107 (2005: $20,167,020).

10. Equity from operations - appropriated:

The Board of Directors established that funding for significant non-recurring expenditures be provided from accumulated equity from operations. The appropriated amount of $3,880,000 (2005: $3,500,000) has been separately classified as a component of equity to reflect this direction by the Board. The appropriation reflects $1.88 million towards completion of information technology projects and $2 million towards future assessment system replacement.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

11. Supplemental cash flow information:

(a) Major components of cash and cash equivalents are as follows:

(in $000s)	2006		2005	
	Cost	Fair Value	Cost	Fair Value
Cash	119	119	(110)	(110)
Short-term investments	22,125	22,128	18,438	18,421
Cash and cash equivalents, end of year	22,244	22,247	18,328	18,311

(b) Changes in non-cash working capital:

(in $000s)	2006	2005
Current Assets:		
Accounts receivable	155	(388)
Prepaid expenses	(316)	74
Current liabilities:		
Accounts payable and accrued liabilities	1,487	428
	1,326	114

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

12. Related party transactions:

In the normal course of operations, BC Assessment entered into transactions with the Province and certain Crown corporations, predominantly at prevailing market prices and credit terms.

The statement of revenue and expenditure includes the following transactions with related parties:

(in $000s)	2006	2005
Grant from the Province	2,343	–
Other revenue	58	170
Payments for:		
Appeal costs	2,010	1,885
Salaries and benefits	662	613
Office	597	596
Professional and special services	494	644
Interest	98	79
Office premises	57	142
Travel	69	70

Assets (liabilities) at December 31 with related parties were:

(in $000s)	2006	2005
Accounts receivable	–	–
Accounts payable	(674)	(611)

BC Assessment contracted with the Province for the acquisition of certain capital assets in the amount of $190,660 (2005: $349,965) and disposal of surplus capital assets totaling $32,251 (2005: $28,690).

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2006

13. Financial Instruments:

BC Assessment's financial instruments consist of cash, short term investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that BC Assessment is not exposed to significant interest, currency or credit risk arising from these instruments.

14. Comparative figures:

Certain 2005 comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

Glossary of Terms

Assessment

An assessment is the determination of a property's market value as of July 1 each year. On December 31, BC Assessment mails a Property Assessment Notice to each property owner. The Property Assessment Notice shows the property's market value and contains other important information about the property.

Assessment-to-Sales Ratio

The Assessment-to-Sales Ratio (ASR) is calculated by dividing the assessed value as determined by BC Assessment) of a property that has sold by its actual selling price, then expressing the result as a percentage. A property with an assessed value of $243,000 that sold for $250,000, for example, would have an ASR of 97.2 percent.

Coefficient of Dispersion

The Coefficient of Dispersion (COD) measures how closely a group of numbers is clustered around its median, or middle, number. The lower the COD, the better the product.

Completed Roll

The Completed Roll is produced by BC Assessment and approved by the Assessment Commissioner in December of each year for taxation the following year.

Market Value

Market value is the price expected if a reasonable amount of time is allowed to find a purchaser and if both seller and prospective buyer are fully informed. For assessment purposes in British Columbia, market value is the most probable price that an unencumbered property would sell for on the open market on July 1.

Price-Related Differential

The Price-Related Differential (PRD) measures the progressivity or regressivity of assessments. Assessments are said to be regressive if high-value properties are under-assessed relative to low-value properties. Assessments are progressive if high-value properties are over-assessed. Progressivity or regressivity result in an inequitable distribution of the tax burden.

Property Assessment Review Panel

The Property Assessment Review Panel is a three-member panel appointed annually by the provincial government to review property assessments. The panel ensures that the review is fair and impartial. The panel hears evidence to determine if a property has been valued or classified correctly, or if exemptions were properly applied. Neither the Property Assessment Review Panel nor BC Assessment has jurisdiction or control over taxes or tax rates. Only property assessments may be reviewed. Property taxes cannot be reviewed. Property Assessment Review Panels are independent of BC Assessment and the taxing jurisdictions, and administered by the Ministry of Small Business and Revenue.

Revised Roll

The Revised Roll includes amendments made by the Assessor and the Property Assessment Review Panels during February and March of each year.

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Kootenays Region

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Thompson/Cariboo Region

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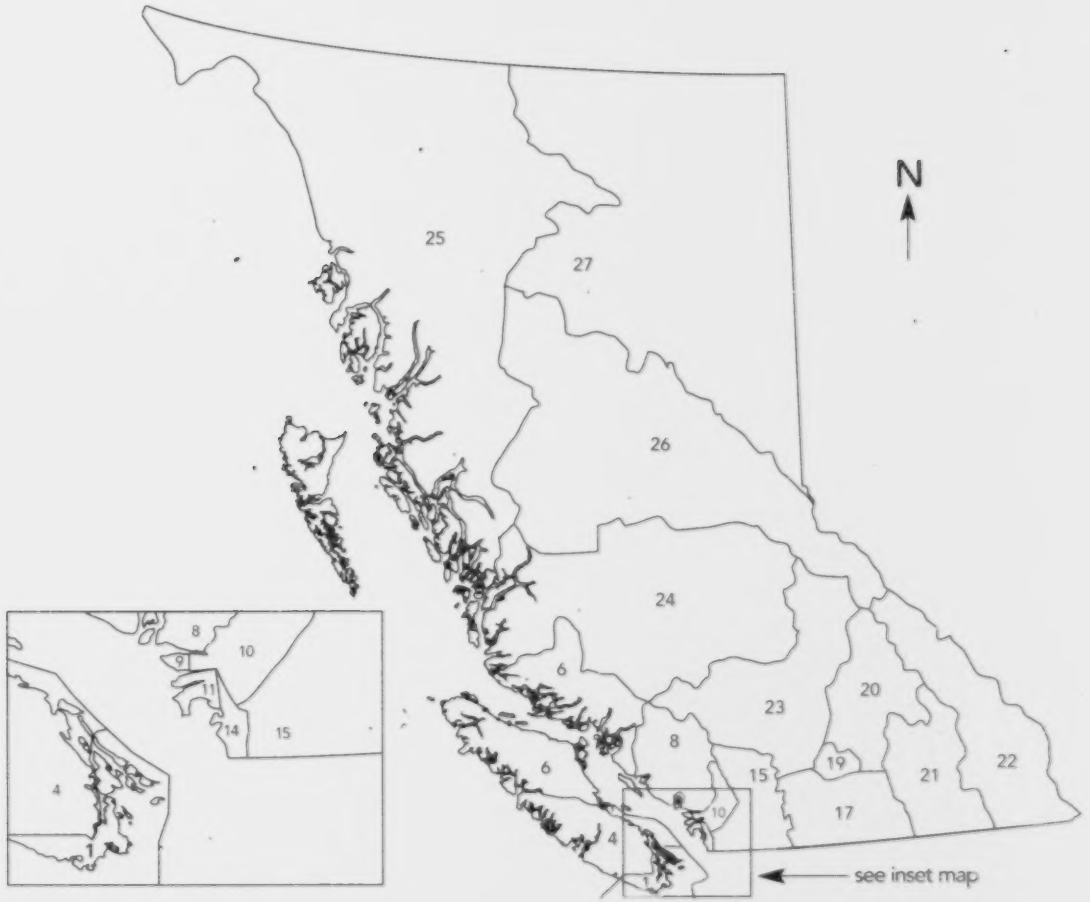
Assessment Areas – Map



REGION	ASSESSMENT AREAS
Capital	01 - Capital
Vancouver Island	04 - Central Vancouver Island 06 - Courtenay
Vancouver Sea-to-Sky	08 - North Shore/Squamish 09 - Vancouver
North Fraser	10 - North Fraser
South Fraser	11 - Richmond/Delta 14 - Surrey/White Rock
Fraser Valley	15 - Fraser Valley
Okanagan	17 - Penticton 19 - Kelowna 20 - Vernon
Kootenays	21 - Nelson/Trail 22 - East Kootenay
Thompson/Cariboo	23 - Kamloops 24 - Cariboo
The North	25 - Northwest 26 - Prince George 27 - Peace River

Appendix A: Assessment Roll Quality and Data Source Reliability and Limitations for Performance Measures

Assessment Roll Quality

The 2007 Assessment Roll Quality Report is a detailed statistical analysis demonstrating the accuracy and uniformity of the assessment roll. The most important and widely accepted statistical measures of the quality of the assessment roll are the median Assessment-to-Sales Ratio (ASR), the Coefficient of Dispersion (COD), and the Price-Related Differential (PRD). The International Association of Assessing Officers (IAAO) has set standards for each of these statistical measures. These form the basis of the critical performance targets. Data used for the ASRs, CODs and PRDs is generated by the corporation's Quality Assurance Department's 2007 Assessment Roll Quality Report.

Data Source Reliability and Limitations

The reliability of these roll quality performance measures is founded on the records as provided by the Land Title and Survey Authority of British Columbia, the agency responsible for managing, operating and maintaining the province's land title and land survey systems. It was established in January 2005 under the *Land Title and Survey Authority Act* as an independent organization and must meet obligations and targets that the provincial government has established for it in legislation and in an Operating Agreement between the corporation and the province.

The Land Title and Survey Authority of British Columbia ensures the continued integrity of the province's modified Torrens system for registering land titles. This involves examining and registering applications for land transfers and establishing and releasing charges on titles. The land title registration system provides conclusive evidence of title, and is backed by an assurance fund in the unlikely event of any registration error. The results in this report compare the market value transactions as registered against the actual value as determined by the corporation's appraisal staff.

Performance Measures 1 and 2 – Complaints

Staff receive formal complaints from property owners in January each year and enter the information into the value*BC* information system. Notices of Hearing are distributed and hearings are held in communities throughout British Columbia. Following the hearings, property owners are sent Notices of Decision outlining whether or not their complaint was successful. This provides an external control and verification of the complaint process. In addition, the corporation has confidence in the data due to internal controls that include a review and audit of the complaint data and comparison to historical trends and current market movement to ensure its accuracy.

Performance Measures 3 and 4 – Customer Satisfaction Survey Results

The corporation initiated a Request for Proposal process in 2005 to select a reputable, professional market research consulting firm. Through this process, the qualifications and experience of the selected firm were verified and the corporation is confident that the services received are reliable. The survey results were verified and found to be accurate when compared to historical trends and current market movement.

Performance Measure 5 and 6 – ASR

BC Assessment measures the ASR for properties according to internationally-recognized standards. The ASR is calculated by dividing the actual value (as determined by the corporation) of a property that has sold, by its selling price, and expressing the result as a percentage. For example, if a property is assessed with a value of $243,000, and it sold for $250,000, the ASR would be 97.2 percent. In short, the ASR measures how accurately BC Assessment appraises property at market value. The IAAO has set a standard for a median ASR of 90 percent to 110 percent for an acceptable level of assessment achievement. The corporation's target of 97 to 100 percent for residential properties and 95 to 100 percent for non-residential properties exceeds this standard.

BC Assessment's statistics are based on all available single-family residential arms-length sales for the two quarters surrounding the

corporation's valuation date of July 1 (i.e., April 1, 2006 to September 30, 2006). Sales are not time-adjusted. In regions with significant market movement over the six-month period, the dispersion will be overstated. For non-residential sales, data is based on sales occurring throughout the year.

Performance Measure 7 and 8 – COD

BC Assessment also measures the COD for properties located in both urban and rural areas, according to internationally-recognized standards. The COD measures the quality of the corporation's data by virtue of the spread of all the ASRs around its median, or middle number. The lower the COD, the better quality the product. This is a measure of appraisal uniformity.

The COD standard set by the IAAO for single family residential properties is under 15 percent for homogeneous (urban) regions and under 20 percent for heterogeneous (rural) regions. BC Assessment has set targets of under 10 percent and under 15 percent respectively. The COD standard set by the IAAO for non-residential properties is under 20 percent and is used by BC Assessment.

Performance Measure 9 – PRD

BC Assessment also measures the PRD for residential properties, according to internationally-recognized standards, to determine if assessments are 'progressive' or 'regressive.' Assessments are considered regressive if high-value properties are under-appraised relative to low-value properties; they are considered progressive if high-value properties are over-appraised relative to low-value properties. Significant progressivity or regressivity results in the inequitable distribution of the tax burden, and a good quality assessment should show no sign of either. In short, the PRD measures both the fairness and equity of the assessment rolls by comparing the level of assessment of high-valued property against low-valued property.

The IAAO standard for the PRD is between 0.98 and 1.03. A PRD under 0.98 indicates progressivity; over 1.03 indicates regressivity. BC Assessment has adopted the IAAO standard for the PRD.

Performance Measure 10 – Cost Per Property

The cost per property for assessment services funded from tax levies has been calculated by taking total expenditures for the year less revenues which are not categorized as 'tax levies', 'payments in lieu of taxes' and 'First Nations revenue' divided by the number of properties for the revised roll produced for the following year. The corporation maintains appropriate internal controls and will continue reporting regularly to the Audit and Finance Committee and Board of Directors and quarterly to the Office of the Comptroller General. BC Assessment is subject to an annual external audit of its financial statements, currently performed by the Office of the Auditor General. The reliability of this measure is founded on the records as provided by the Land Title and Survey Authority of British Columbia. The results compare the market value transactions as registered against the actual inspection information as determined by the appraisers with BC Assessment.

Performance Measure 11 – Non Tax Revenue

The corporation maintains appropriate internal controls and will continue reporting regularly to the Audit and Finance Committee and Board of Directors and quarterly to the Office of the Comptroller General. BC Assessment is subject to an annual external audit of its financial statements, currently performed by the Office of the Auditor General.

Performance Measure 12 – Customer Service Training

Attendance at customer service training sessions was tracked by using several measures. Attendance logs were used at in-person training sessions and verified with supervisors to confirm that individuals had received training. In addition, a unique computer-based-training module required that trainees confirm by email that they had completed the training module and results were tracked electronically by the project managers.

Performance Measure 13 – Staff Accreditation

When an appraisal staff member becomes accredited, written confirmation from the accrediting body is submitted to the Human Resources Department and kept on file. This information can be verified through external records by the accrediting organizations, the Appraisal Institute of Canada and the Real Estate Institute of British Columbia.

Performance Measure 14 – Continuous Improvement Measures

The corporation initiated a process to select a reputable, professional service provider. Through this process, the qualifications and experience of the contractor were verified and the corporation is confident that the services received are reliable. Internal controls are in place to ensure the reliability of the data collected through variance analysis, verification by workgroups of the results and analysis of historical trends.

Performance Measure 15 – Staff Turnover

Management tracks staff turnover through a variety of methods including resignation logs and payroll records. This information is reviewed and verified by area and head office managers on a regular basis and is reported to the Human Resources and Financial Services departments. The corporation maintains appropriate internal controls and will continue reporting regularly to the Human Resources and Audit and Finance committees and Board of Directors. Payroll and benefits, as well as costs associated with staff turnover, are subject to an annual external audit of financial statements, currently performed by the Office of the Auditor General.

Appendix B: Performance Measures Removed from the 2007-2009 Service Plan

PERFORMANCE MEASURE 11	2004 Actual	2005 Actual	2006 Target	2006 Actual	2007 Target	2008 Target	2009 Target
By the end of 2008, non-tax revenues for the British Columbia Assessment Authority will be increased to $4.15 million annually.	$3.3 million	$3.5 million	**$3.75 million**	**$3.4 million**	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan

NOTE: This Performance Measure has been removed from BC Assessment's 2007-2009 Service Plan

Importance

Some unique data products and services created by BC Assessment are sold to select client groups, primarily in the private sector. For example, some clients request custom reports, or use the corporation's data under licensing agreements, and pay fee-for-service. This measure denotes additional revenue that helps to keep property owner-funded revenue to a minimum. The corporation provides user-friendly, accurate and accessible property information to support the business community throughout the province and is not in a competitive position with the private sector.

This target was determined based on historical trends with the expectation that the corporation will continue to experience more transactions due to the increased demand for property information driven by the active real estate market.

Performance Highlights

For 2006, the target was not met, just slightly short of the goal. This shortfall was the result of slower-than-anticipated take-up on the provincial government's new BC OnLine system featured on the Internet. By year-end, the levels of usage were back up to projected levels with revenues estimated to be $3.8 million in 2007.

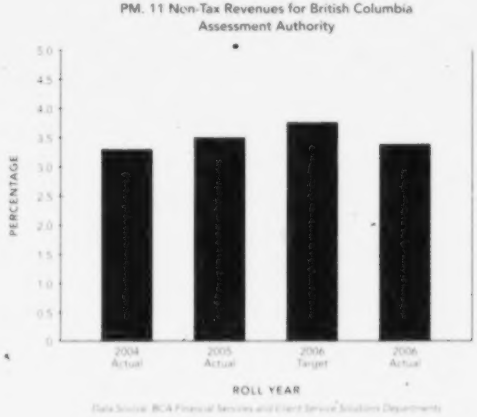
Major Programs and Strategies

BC Assessment generates revenue by selling and licensing property information such as the assessment roll, property sales and residential inventory data and Land Title and Survey Authority of BC information via BC OnLine. Bulk electronic data and professional consulting services, including customized Major Industrial Property valuation manuals, are also provided for other provinces and jurisdictions. BC Assessment's products and services are delivered via the Internet or electronically by contacting the corporation's Business and Customer Services Division. Data access revenue is listed with other revenues in the Financial Statements.

Looking Ahead

The corporation will continue to raise non-tax revenues each year in order to further reduce its reliance on taxpayer funding. Strategies include implementing specialization and effective marketing initiatives, including fostering business relationships to streamline the collection and distribution of assessment data. However, the revenue results will not be publicly reported in the future since this performance measure has been removed from BC Assessment's 2007-2009 Service Plan.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.



PERFORMANCE MEASURE 12	2004 Actual	2005 Actual	2006 Target	2006 Actual	2007 Target	2008 Target	2009 Target
Percentage of employees receiving customer service training.	N/A	74%	100%	97%	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan

NOTE: This Performance Measure has been removed from BC Assessment's 2007-2009 Service Plan

Importance

The corporation focused on Customer Service Excellence in 2006, including training all employees. This included a computer-based-training orientation for all staff to BC Assessment's new Service Commitment and Service Standards, as well as face-to-face training sessions focused on providing more 'respectful' customer service. Developing and measuring this training is an integral part of the human resources strategy to reinforce the commitment to delivering excellent service to customers.

Performance Highlights

BC Assessment fell slightly short of its target, training 97 percent of employees (679 permanent and temporary) who were on payroll as of December 15 by December 31, 2006. However, by March 1, 2007, the target of 100 percent was achieved by training those employees who were either on short or long-term leave during the last few months of 2006.

Major Programs and Strategies

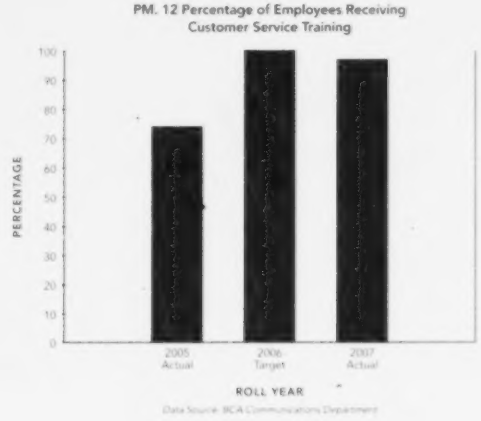
Providing customer service training to employees supports the corporate strategy of developing and implementing a long-term human resources strategy that addresses succession planning, staff retention, capacity issues, and the overall needs of the organization; fostering a climate where all employees are focused on serving the customer; and focusing on building a continuous learning culture with employees that will result in personal development, management and leadership.

Looking Ahead

A similar customer service training plan will be implemented in the late fall of 2007 to train all staff in one of the remaining three service principles prior to December 31, 2007. However, the results will not be publicly reported in the future since this performance measure has been removed from BC Assessment's 2007-2009 Service Plan.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

For more details on the three types of customer service training offered to BC Assessment employees in 2006, refer to Appendix C located on BC Assessment's web site at: www.bcassessment.ca/publications/reports/index.asp



PERFORMANCE MEASURE 14	2004 Actual	2005 Actual	2006 Target	2006 Actual	2007 Target	2008 Target	2009 Target
Corporate Continuous Improvement Measurement results improve annually.	427	431	453	**381**	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan	N/A for 07-09 Service Plan

NOTE: This Performance Measure has been removed from BC Assessment's 2007-2009 Service Plan

Importance

The annual Continuous Improvement Measures (CIM) program is an internal staff survey that measures staff satisfaction and organizational performance in key areas, with the goal to improve annually. The target for continuous improvement is to increase the score by five percent per year. For comparison purposes, high achieving organizations would score between 450-600 points (out of a possible 1,000), while world class organizations would score between 600-800.

The CIM program was originally developed internally by a team of managers who had received training in organizational assessment from the National Quality Institute of Canada (NQI). BC Assessment's program bears a strong resemblance to the NQI's organizational assessment model which is used across Canada to improve organizations. Surveying of all staff is conducted in May, therefore the time frame for this measurement is from July 1 to June 30 each year.

Performance Highlights

The 2006 target was not met and the result of 381 is significantly less than the stated target of 453. This reduction is likely a result of several factors, most significantly a pattern of negative responses from staff related to the amount of change and reorganization occurring within BC Assessment through 2006. The results do indicate lower levels of satisfaction amongst staff compared to previous years, but this is not unexpected by management as BC Assessment had undergone a significant amount of change to its structure and individual roles since 2002.

Major Programs and Strategies

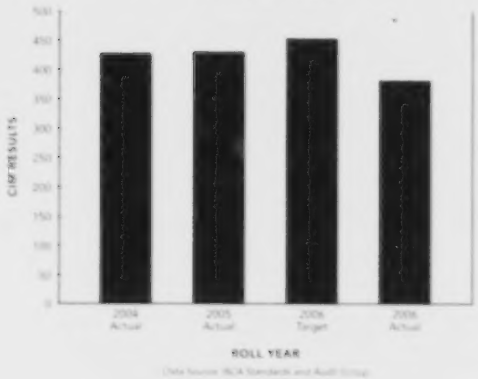
Committing to improving CIM results annually supports the corporate strategy of developing and implementing a long-term human resources development plan that addresses succession planning, staff retention, capacity issues, and the overall needs of the organization, maintaining a low rate of staff turnover and focusing on building a continuous learning culture with employees that will result in personal development, management and leadership.

Looking Ahead

BC Assessment's management team recognizes that employees need to feel more engaged in their work and several actions are being taken to improve the CIM scores. The corporation has hired more staff in 2006 and 2007 to help the organization achieve more capacity. Staff training opportunities continue to be a priority and a new emphasis on personal performance development plans will more clearly align corporate goals to individual's job duties. BC Assessment is reviewing the goals of the CIM program, and putting more emphasis in 2007 on improving internal processes for performance management and employee engagement. The CIM program is still viewed as a valuable internal corporate planning tool and BC Assessment plans to continue to use it in upcoming years.

For discussion regarding Data Source Reliability and Limitations, refer to Appendix A.

PM. 14 Corporate Continuous Improvement Measurement Results



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